

THE TIMES
1785-1985

Tomorrow

Fair winds - and three
Tall ships and the
commercial return of sail
power

A modest proposal
Philip Howard on
training the young for
unemployment

Silver screen
Tom Conti on his move
into films in *American
Dreamer*

Football finish
Preview of final weekend
of the League programme

Portfolio

The Times Portfolio competition prize of £2,000 was won yesterday by Mr George Dick of Crayke, Green, Hertfordshire. Portfolio list, page 20; how to play, information service, back page. Tomorrow, £22,000 can be won - the weekly prize of £20,000, plus the daily £2,000.

Cost curb on homes for elderly

Plans to stop the elderly moving into private old people's homes at state expense when they would be better off cared for at home have been put to health and social security ministers in an aim to curb the growth in supplementary benefit spending on such homes.

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Pound rises

The pound rose by 3.4 cents, closing at \$1.2387 in London as the dollar fell back against all currencies.

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MPs' break

The House of Commons will rise for the spring adjournment on Friday, May 24 and return on June 3. The Lords will rise a day earlier.

Organist dies

Reginald Dixon, the former Blackpool Tower hall organist, died yesterday, aged 81.



Sports chief

John Smith, the chairman of Liverpool Football Club, will succeed Dick Jeeps as chairman of the Sports Council on May 20.

Special Report

Lending the cash to help businesses to grow has become a boom industry. Venture capital is now being taken up by both small and large enterprises.

ENIGMA

Don't miss the telephone number and today's clue in the Codename Enigma Competition in the Information Service on the back page.

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Letters: On remand policy, from Lord Glenarthur; Bosphorus contract, from Mr C. R. Head

Leading articles: Mrs Thatcher in Perth; Security Commission; Obituary, page 14

Dr Frank Morgan, Mr Tom Hooson, MP

Features, pages 10-12
Bernard Levin on Civil Servants' rights; India's shaky hand of friendship; How superpowers have kept the post-war peace; Some tips for Mr Murdoch from Moreover; Starting young on the drugs path; Motorways on the move

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Thatcher promises new-style MI5 after report on Bettaney

By Anthony Bevis, Political Correspondent

The Prime Minister yesterday pledged determined action to eradicate significant "management weaknesses" in the Security Service, following publication of a scathing Security Commission report on the Bettaney case.

Mrs Thatcher told the Commons that she expected "a change of style of management" under the new director general, who was giving the utmost care and attention to the commission's "scathing criticisms of the errors by the Security Service in relation to the management of Bettaney's career".

Sir Anthony Duff, former chairman of the Cabinet Office Joint Intelligence Committee, has been given the sensitive task of satisfying Mrs Thatcher's demand for reassurance. His appointment, in February, coincided with delivery of the Security Commission report.

The commission, chaired by Lord Bridge of Harwich, concluded that there came a point in October 1982 when there should have been, "but was not", a very full investigation of Bettaney's withdrawn, isolated and drunken lifestyle.

Mrs Thatcher said that an investigation "would probably have led to the removal of his positive vetting clearance, and the cessation of his employment in the Security Service".

In the event, he was arrested before he was able to pass to the Russians information that would have inflicted "grave damage" to British interests.

Although Whitehall sources last night refused to say whether anyone had been dismissed or transferred from the service, the report goes far wider than the

Bettaney affair to level charges of complacency, insularity, inflexibility and inefficiency at senior management level of the service.

It says that: "A more open and self-critical style of management is required, to counter the necessary isolation of the service, and to encourage younger members to express their views."

● A coherent and explicit personnel strategy needs to be introduced, with thorough back-up training for all personnel managers at the Civil Service College, so that accountability and responsibility is clear-cut - following a thorough-going examination of personnel management practices in the service.

● Those under the age of about 40, who were normally barred from managerial responsibilities, should be trained for management and a substantial devolution of responsibility should be considered.

● The possibility of recruitment of "competent" personnel managers from elsewhere in Whitehall, "or even from a wider field", should be considered, and a two-way traffic of secondments and cross-postings between the Security Service, the Civil Service and the Armed Forces should be encouraged.

One other point made by the commission touches a more human difficulty faced by the service. The report said: "Many outstanding and distinguished historical figures have been notoriously heavy drinkers, and that there was a reluctance to report colleagues. But it emphasized that it was in the interest of the service, and involved no disloyalty, to report

on a colleague whose drunkenness "reaches the stage of offensive or indiscreet behaviour, or manifest loss of self-control".

In the Commons, Mrs Thatcher also anticipated the substantial pressure that exists on both sides of the House for a new internal complaints procedure.

She volunteered that the new director general had been asked to consider and report back on "what developments he proposed". Mrs Thatcher was pressed on that precise point by Sir Edward Gardiner, Conservative chairman of the Select Committee on Home Affairs, and by Mr Merlyn Rees, the former Labour Home Secretary.

The Prime Minister told Sir Edward: "We are naturally concerned that there should be a channel for those within the Security Service who have certain strong feelings about things they are asked to do; they should have a proper channel through which they can make their view known."

Mr Neil Kinnock, the Labour leader, responding to Mrs Thatcher's statement, said that another internal reorganisation would not, and could not, allay widespread concern; the service was not as professional as it should be in the discovery of spies outside its own offices.

However, the most drastic indictment was delivered by Mr John Browne, the right-wing Conservative MP for Winchester, who told Mrs Thatcher that service credibility was now so low that "surely nothing short of forming a new service will suffice".

Commission report, page 2
Leading article, page 13

A second black dies after arrest

From Michael Hornsby, Johannesburg

A second black man has died within a week from head injuries after being detained by the South African police. He is Mr Sipho Ntusi, a 20-year-old branch organizer of the Congress of South African Students, an affiliate of the United Democratic Front, one of the main non-parliamentary opposition groups.

According to the police, Mr Ntusi was arrested last Saturday, in the Orange Free State town of Odendaalsrus, on a charge of public violence, and went into convulsions while being questioned. He was taken to a hospital at Welkom and then transferred to Bloemfontein, 120 miles away.

The superintendent of the Welkom hospital said last night however, that Mr Ntusi had been suffering from head injuries, and that he had been sent to Bloemfontein because the hospital at Welkom was not equipped to deal with such cases.

Last Monday, a prominent black trade unionist, Mr Andries Raditsela, died in a Soweto hospital 48 hours after being released from custody.

Migrants move, page 5

Gorbachov plea for 'patient dialogue'

From Richard Owen, Moscow

Mr Mikhail Gorbachov yesterday called for a "patient and constructive dialogue" with the West to "check the slide into the nuclear abyss", and apparent attempt to soften the impact of his harshly anti-Western V-E Day speech on Wednesday.

The Soviet leader, speaking at a reception in the Kremlin after the military parade on Red Square to mark "the victory of the Soviet people in the Great Patriotic War".

Mr Gorbachov, who had earlier reviewed the parade from the top of the Lenin mausoleum, said it not only commemorated the fallen heroes of the war against Hitler but also showed Russia's present enemies that the Soviet Union had a "strong defensive shield".

In the past war all those who cherished the ideals of progress and democracy had united to crush the "ominous forces of reaction" despite their ideological and class differences. "It is essential that all this does not remain just a page in history," he said.

But in a sign that superpower dialogue might survive this recrimination, *Pravda* on Wednesday published Mr Gorbachov's V-E Day telegram to Mr Reagan paying tribute to American losses on the battlefield.

WASHINGTON: The Reagan administration yesterday expressed surprise and disappointment at the tone of Gorbachov's speech.

Wednesday (Nicholas Ashford writes).

However, officials sought to prevent a new wave of words developing between Washington and Moscow.

Moscow parade and Lisbon walk-out, page 5

Legionnaire's disease toll rises

Mr Kenneth Clarke, the Minister for Health, sought yesterday to calm fears over Legionnaires' disease as the number of deaths during the outbreak in Staffordshire rose by one to 32 (Craig Seton writes).

A further four people were admitted to two hospitals in Stafford yesterday suffering from respiratory illnesses with symptoms similar to those of Legionnaires' disease.

In addition to the Staffordshire deaths, one woman patient has died of the disease at a Portsmouth hospital, where seven wards and three theatres have been closed during disinfection, and a relief nurse at a private Bristol hospital has also died. There is not thought to be a link between the cases.

Mr Clarke said yesterday: "We are all concerned, when there is a bad outbreak of an unusual disease, but I hope we do not have the kind of disastrous reactions we had when Aids

affairs staff there is growing anger over fears that a lack of commitment to investigative journalism will hamstring the new *Watchdog* programme and place a question mark against the future of the *Rough Justice* series.

Last week *Watchdog* journalists were told by the new head of current affairs, Mr Peter Pagnamenta, that the programme's brief was to investigate consumer issues, not some of the tougher questions which many staff thought it would tackle.

Watchdog was very nearly axed by Mr Michael Grade when he became a controller of BBC 1 last year. It was originally a segment of *Nightwide* and later *Sixty Minutes*, and was saved only when the National Union of Journalists launched a campaign.

Many decisions being contested by BBC journalists

Mr Grade (left) and Mr Pagnamenta.

But senior journalists in BBC Radio said that the programme has been presented by other journalists, and doubted the commitment of the corporation to tackle "hard" stories after the *That's Life* debacle.

"Nobody has put anything in writing, but it has been made clear that we should stick to soft targets," one journalist said.

Among the television current

BBC drops Checkpoint 'over libel fears'

By David Hewson, Arts Correspondent

Radio 4's programme *Checkpoint* is to be axed amid claims that the BBC's commitment to investigative reporting is waning in the wake of the recent £1.2 million libel costs, including £75,000 damages, incurred over two weeks ago over a report in *That's Life*.

The BBC denied that the corporation was changing its editorial policy because of the case, but radio and television current affairs staff confirmed that they had been led to believe that the scope for investigations was to be limited.

BBC Radio said that *Checkpoint* was being axed because its presenter, Roger Cook, was taking up a post with Central Television, and it was yet to be decided whether any other investigative journalism programmes would take its place.



Mr Michael Heseltine in fighting mood at yesterday's conference: He said the Government claimed a "moral superiority" over the Opposition on the issue of nuclear weapons. Photograph: Tom Kidd.

Rates aid placates Scottish Tories

From Julian Haviland, Political Editor, Perth

At least £48 million has been found by the Treasury to help Scottish businesses faced with exceptional rate increases, and to stem the anger of the Government's supporters in Scotland.

The announcement of that munificence yesterday by George Younger, Secretary of State for Scotland, on top of £57 million already promised for domestic rate relief, went some way to placate indignant members of the Scottish Conservative Party at their annual conference in Perth.

But while accepting this interim relief, the party was united in demanding early results from the root and branch reforms of the rating system being planned by the Cabinet.

Faced with accusations of betrayal of pledges to reform the rate, Mr Younger went closer than his colleagues have gone to promising action before the next general election.

In what itself amounted to a pledge, he agreed with a speaker who said that "another manifesto commitment would not do itself be enough". Mr Younger said: "I accept on behalf of the

Government that we are expected to take action on our thoroughly unsatisfactory system of local government finance. The present system as it stands is not an option."

Emergency legislation is needed to allow the £40 million to be paid to about 50,000 commercial ratepayers who are the worst affected by the recent Scottish property revaluation.

England and Wales have been unaffected because Mr Michael Heseltine, when Secretary of State for the Environment in 1980, was so adamant enough to amend the law so that revaluation could be indefinitely postponed.

Mr Younger was asked yesterday, but did not say, why he had failed to take similar precautions.

His Labour shadow, Mr Donald Dewar, afterwards repeated his promise that the Opposition would cooperate to see the Bill swiftly on to the Statute Book, provided it was a genuine attempt to help those in difficulty and not merely to save a minister from his supporters' wrath.

Leading article, page 13

Tories face stiff test in by-election

By Philip Webster, Political Reporter

The Government was plunged yesterday into the by-election test it had hoped to avoid with the death of Mr Tom Hooson, the Conservative MP for Brecon and Radnor.

Mr Hooson, aged 52, a former Conservative Party director of communications, had a majority of 8,784 at the 1983 general election, a lead which MPs of all parties agreed yesterday was vulnerable.

Labour and the Alliance, who were neck-and-neck in the 1983 contest, will speed up the selection of their candidates in the belief that whichever gets its campaign moving faster will have the better chance of maximizing the anti-Conservative vote.

Some Labour MPs were conceding last night that they would have a tough fight to prevent an Alliance bandwagon getting under way in an area which looks promising territory for them.

Obituary, page 14

Three-line whip over trading law

By Anthony Bevis, Political Correspondent

The Government has decided to override Conservative opposition to Sunday shopping with a Commons motion, to be debated a week on Monday, which is expected to be subject to a three-line whip.

Mr Neil Kinnock, the Labour leader, said last night Labour would "take note" of the motion and would not oppose it outright. But he said that there was concern on both sides of the Commons about Sunday observance, the impact of destruction on small businesses, and the consequences for retail staff.

Although more than 100 Conservative MPs have signed an inspired backbench Commons motion approving the changes recommended in the Audit report, there are significant reservations among some Conservative MPs.

Repeated backbench attempts to free Sunday trading with a Private Members' Bill have been blocked.

Peers voted to set up overall waste disposal authorities in the affected areas which again runs directly counter to the Government's determination to leave the areas without any strategic authorities.

By 170 votes to 166 they voted to remove from the Bill a clause transferring waste disposal to the London boroughs and district councils. The Government then "accepted" without a division an amendment to establish new authorities.

Government loses in Lords again

The Government last night suffered another important defeat in the Lords over a proposal which strikes at the heart of the Local Government Bill to abolish the Greater London Council and the metropolitan counties.

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Phased abolition of Serps agreed

By Philip Webster, Political Reporter

The Cabinet yesterday prepared the way for a long and bitter political struggle with a decision to abolish the state earnings related pension scheme (Serps) and to phase it out over a period of years.

The decision, one of the key results of the review of the welfare state by Mr Norman Fowler, the Secretary of State for Social Services, on which the Cabinet completed discussion after a further three-hour session yesterday, is to be implemented by legislation to be introduced in November and on the statute book by the following summer.

Ministers have decided that the change, which ends the uneasy all-party consensus on

Review details, page 2

pensions, should be undertaken well before the next election because they accept that it could be unpopular.

Mr Neil Kinnock, the Labour leader, last night at Westminster committed the next Labour government to restoring the scheme and said the implications for employers of abolition were potentially devastating.

The party's "Save Serps" campaign is already under way, and its front-bench spokesman and MPs have been urged to concentrate their weekend speeches on the issue.

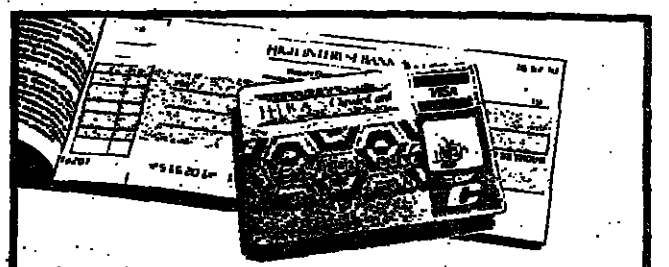
After yesterday's Cabinet meeting, the Prime Minister told the Commons that the proposals would be published in a Green Paper by Mr Fowler soon after the Whitsun recess.

Although ministers stress that there is scope for consultation, it is clear that their minds are made up on the main ingredients of the reform package which has been the cost of four separate studies set up more than a year ago and which subject of have been co-ordinated in Cabinet committee since January. It was even suggested last night that the issue was unlikely to return to the Cabinet.

It appeared that Mr Fowler who was said by his colleagues to be well-satisfied with the outcome, had won a victory over the Treasury, which was worried about the cost of replacing Serps with compulsory private provisions on which it will have to grant tax relief.

The decision to phase the abolition, with contributions gradually being wound down and no one else joining the scheme from the passage of the legislation, arose from discussion involving the Prime Minister, Mr Nigel Lawson, the Chancellor, and Mr Fowler before yesterday's meeting.

It is designed to ease the immediate impact on employers - the CBI has claimed that it could cost £3 billion a year.



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Security Commission report

MI5 criticized for not ending Bettaney's security clearance

By Stewart Tendler, Crime Reporter

Faced with Michael Bettaney's history of heavy drinking, MI5 should have stripped him of his security clearance when he was convicted for drunkenness and not allowed him to move to counter-espionage work, the Security Commission said yesterday in its report on the case.

Bettaney was convicted last year of trying to spy for the Soviet Union.

A few days before Bettaney started his new job in December 1982, an MI5 internal security official expressed concern at his vulnerability, and asked to be told if Bettaney did not keep his pledge to stop drinking.

Four months later Bettaney was drinking again, and spying, but no action was taken.

In a report dotted with recommendations for the Security Service, including the carrying out of positive vetting practices to the same high standard as other departments and watching the level of staff drinking, the commission roundly condemns the failure to deal with Bettaney after his conviction for drunkenness in October 1982.

By that stage Bettaney had been warned three times about his drinking, which began during service in Ulster between 1976 and 1978. As early as 1980 a senior officer warned Bettaney's new superior about the drinking.

By early 1982, when Bettaney was drinking the equivalent of a bottle of spirits a day, he should have been officially reprimanded, the commission said. A junior officer had reported that Bettaney was so drunk at a private party he was grossly abusive to his woman companion.

On the way home in a car Bettaney insulted the woman, who asked to be dropped off. At her home she got out of the car and ran away, pursued by Bettaney who could barely stand. A lighted pipe was burning in his pocket.

In October 1982, Bettaney was reprimanded after his conviction but the report said: "We do not doubt that those responsible for the decision to

limit action... believed what they were doing was appropriate. Our firm view is they were mistaken. It is at this point alone that we say with confidence that the security service could, and in our judgement should, have taken action."

Bettaney's positive vetting should have been rescinded. This would have prevented him becoming an agent.

When the question of tougher action was put by the commission to the then director general of MI5, they were told that the resignation offer made at the time by Bettaney could not have been accepted, it was felt that it was better to have Bettaney under the service's control and one breakdown should not cost MI5 an experienced officer.

The commission decided: "We must express our own unequivocal view that if the holder of a sensitive PV pass is found to have, or is suspected of, a character defect which calls his fitness for PV clearance into question, it cannot be good ground for continuing his PV, and consequent employment in highly-sensitive work that withdrawal of PV clearance might itself jeopardise the security of information."

Looking at the Bettaney case under a series of headings, the commission found:

Employment history In 1976, undergoing training for "an operational role involving a high degree of stress" (thought to refer to Ulster) Bettaney "expressed some doubts about the prospect of the assignment and his suitability for it."

Treachery The commission recommended that random searches should be conducted for staff leaving MI5 premises. Bettaney was able to take a camera in and out of the building.

Character, motivation and drinking habits Bettaney, who was seen by the commission in prison, was a man with a "considerable sense of inferiority and insecurity". In prison he avoided his Marxist

beliefs, saw no inconsistency with his Roman Catholicism and only regret was for any disloyalty to colleagues.

Looking at his drunkenness the commission said: "We do consider, however, that the extent of his drinking and the occasions of extreme drunkenness which became known to his instability of character to which insufficient importance was attached."

Drinking was noted in Bettaney's annual report in the spring of 1982 and taken up with him by a staff management officer.

He was reprimanded in October after the drink conviction, and told he would be dismissed if there were further incidents. Four days later he was arrested for travelling without a ticket on a train but kept the case from his superiors.

Errors made by the Security Service in relation to Bettaney's employment.

The commission found that the ethos of the service in the past had not been alert to the risks of drink.

There was not enough reaction to Bettaney's drinking at this stage before the conviction. MI5 agreed that with hindsight Bettaney should have been a doctor in 1981.

Bettaney should have been suspended pending investigation after the court case, should have been put into counter espionage if he was allowed to keep his clearance after the case.

Positive vetting Procedures: When Bettaney's PV was examined at the end of five years it was "both superficial and inadequate". No one who had supervised Bettaney had been consulted, although this was normal in other departments. The commission said this should have been done.

This officer who did check the PV was never told about Bettaney's doubts in 1977. Changes had now been made in the system.

Report of the Security Commission, March 1985. (Stationary Office: £3.70).

Leading article, page 13



Mr David Prendergast (left) and Mr Roy Lynk leaving NUM headquarters after yesterday's meeting.

NUM suspends judgement on Notts men

By David Felton, Labour Correspondent

The National Union of Mineworkers' executive yesterday suspended judgement on disciplinary charges facing the two leaders for the Nottinghamshire miners who worked during the 12 months' strike.

A reconvened meeting next Tuesday will decide whether to take the first steps to dismiss Mr Roy Lynk and Mr David Prendergast, the acting general secretary and president of the Nottinghamshire area, after spending more than four hours yesterday hearing the case.

Mr Lynk said after leaving the meeting in Sheffield he had received a very fair hearing. It was chaired by Mr Michael

McGahay, the union's vice-president, in the absence of Mr Arthur Scargill.

Next week's meeting will only be attended by those members who heard the arguments put forward yesterday.

The charges against Mr

Leaders of 16,000 pit deputies were confident that their members would vote by a substantial majority for an overtime ban as a ballot began last night (Our Labour Reporter writes).

Mr Ken Sampey, president of the National Association of Colliery Overmen, Deputies and Shotfired, said that his

which means that those who will be absent, in addition to Mr Scargill, will include Ray Chaburn and Mr Henry Richardson, the official NUM leaders in the area.

The charges against Mr

Nacods confident on vote

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Mr Ken Sampey, president of the National Association of Colliery Overmen, Deputies and Shotfired, said that his

members were "absolutely sick and tired of the way in which the coal board refused to implement the modified colliery review procedure which had ended last year's strike threat by the union."

The intended closure of Bedwas pit, in South Wales, and the Frances complex, in Scotland, had prompted the call for an overtime ban.

Hermes faces breakers' yard

By Richard Evans, Lobby Reporter

Hermes, flagship to the task force during the campaign to recapture the Falkland Islands three years ago, could soon be scrapped.

The "old lady" of the Royal Navy, which was built at the Vickers Yard in Barrow in 1944 and commissioned in 1959, is due to be replaced as Britain's third aircraft carrier later this year by Ark Royal, now undergoing sea trials.

Yesterday a senior Ministry of Defence official disclosed that that could mean Hermes is destined for the breakers' yard. Although technically she has a secondary role as a helicopter carrier for amphibious operations, defence officials privately accept she is unlikely to continue in operational service, with the Royal Navy at last.

Mr Michael Gainsborough, assistant under secretary at the Ministry, told the Commons Defence Select Committee she was an old ship with old-fashioned system of propulsion, which needed a larger than average crew because of her size.

"Hermes might be sold off if other governments express interest in her. The other possibility is that she would go to scrap if we had no further use for her," he said.

Mr Michael Heseltine, Secretary of State for Defence, is likely to make a decision about her future within the next year.

Apart from acting as the tactical command centre during the conflict, from where Rear Admiral "Sandy" Woodward directed the Falklands campaign, Hermes played a crucial role in providing air cover for the rest of the task force and spearheading anti-submarine operations.

Hermes, at 28,500 tonnes, is the oldest big warship afloat. Her complement, including air crew for the squadron of Sea Harriers and Sea King helicopters she can carry, is about 1,300.

Her rapid reinforcement capability should also enable the land garrison, now "more than 3,000 strong", to be reduced.

Prudent precautions

A number of MF and fee-paying businessmen interested in commercial prospects on the islands will accompany Mr Michael Heseltine, Secretary of State for Defence, and Mr Timothy Renton, Under Secretary at the Foreign Office.

Prince Andrew is serving there with the Royal Navy. The airfield complex, built at a cost of about £400 million, will have only 8,500 ft runway until next year. It will not be until 1987 that all base and port-associated facilities will be complete.

But the Government hopes that it will save an estimated £25 million on the annual bill for replenishing the garrison by Hercules transport aircraft and by sea.

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Prince to open Falklands airport

By Henry Stanhope, Diplomatic Correspondent

Prince Andrew, who fought in the Falklands war, will open the island's new airport this weekend. But details are not being released by the Ministry of Defence for fear of spoiling action by Argentina.

No Argentine ship or aircraft has breached the 150-mile protection zone around the Falklands since 1983, and the ministry is emphasizing that there is no new threat. But there is thought to be a need for

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C of E men's society may disband

By Clifford Longley, Religious Affairs Correspondent

The Church of England Men's Society, in its heyday a pillar of male Christianity and social work, is to discuss its own extinction at its annual meeting next month.

The report of an inquiry into its present shrunken condition, published yesterday, says that there is no longer a clear role for an all-male lay association. Although it had a membership of more than 130,000 before the Second World War, the society now has barely 4,000 and many branches have closed down.

It was started in 1899 to "encourage men to seek and live the Christian faith in the home, the church, at work and in leisure". Members pledged themselves to follow a Rule of Life, mainly designed to see that they said their prayers regularly, and there was a category of associate membership for those being prepared for communicant status in the Church of England.

The society was particularly active in the armed services, in prisons, and among merchant seamen. It campaigned against gambling and drunkenness, later it developed ecumenical contacts, and tackled more modern problems such as drug addiction.

The inquiry was conducted by a commission under the Provost of Chelmsford, the Very Rev John Moses, and it recommended that organizations created in the church to meet a specific need should not have their lives prolonged beyond their usefulness.

The annual meeting will also consider the proposal that a national service of thanksgiving for the society's achievements should be held on December 31 to mark its demise.

(Time to live and a time to die) (Church of England Men's Society, 18 Hertford Street, Coventry, £2.50).

£13m system for cable TV

Clyde Cablevision in Glasgow, one of the companies franchised to operate a multi-channel cable television network in Britain, has awarded a £13.5 million contract for an electronics system to GEC-McMichael.

The network will provide 27 television channels, 9 stereo radio channels and other services.

Stagnant water in air conditioning blamed

Legionnaires' disease has been identified in a number of hospitals in the past five years. The source of the infection was usually found to be stagnant water in the hospitals' water-cooled air conditioning systems.

The hospitals and casualties are as follows:

July 1980: Kingston Hospital, Surrey. Two patients died, nine became ill.

October, 1980: East Birmingham Hospital. One patient died, two became ill.

October 1980: Royal Liverpool Hospital. Four patients and two medical staff became ill.

September 1981: Kingston Hospital. Two patients became ill.

August 1983: John Radcliffe Hospital, Oxford. One patient died, four became ill.

October 1983: University Hos-

pital, Cardiff. Three patients died.

April 1984: Glasgow Royal Infirmary. A student nurse and a doctor died.

April/May 1985: Stafford District General. Thirty-one patients have died and a total of 129 people, not all patients at the hospital, are receiving treatment.

Professor Geddes said yesterday he believed that health and safety standards in hospitals suffered because authorities cannot be prosecuted.

Steel output up

British weekly steel production last month averaged nearly 344,000 tonnes, the highest level for five years, after increased demand from manufacturing industry.

The Times overseas selling prices: Australia £20.50, Belgium £17.50, Canada £21.00, Denmark £22.00, France £20.00, Germany £21.00, Greece £19.00, Hong Kong £22.00, India £20.00, Italy £21.00, Japan £22.00, Korea £20.00, Luxembourg £21.00, Malaysia £22.00, Mexico £20.00, Netherlands £21.00, New Zealand £22.00, Norway £20.00, Portugal £21.00, Singapore £22.00, South Africa £20.00, Spain £21.00, Sweden £22.00, Switzerland £20.00, Taiwan £21.00, Thailand £22.00, USA £20.00, UK £21.00, Yugoslavia £22.00.

Phase-out for state pensions scheme

By Our Social Services Correspondent

Changes agreed by the Cabinet yesterday as a result of Mr Norman Fowler's review of social security will touch almost every part of the £40 billion a year social security system.

Among the key changes believed to have been approved are: Pensions: The state earnings related pension scheme is to be abolished and replaced with compulsory private provision through personal or occupational schemes. But abolition will be phased, perhaps over five years. Those in the scheme will have existing rights protected.

But new entrants will be prevented from joining, probably from April 1987, and existing members will to phase in private provision as their contributions and benefits under Seps decline.

The decision to phase avoids the turmoil of the Treasury having to lose large sums in tax relief on private pensions in one year, but national insurance contributions for employers and employees in contracted-out schemes will still have to rise as Seps is phased out, perhaps by 2 per cent.

Housing benefits: The biggest cut: about £750 million, is expected to be cut from the £4 billion bill, with benefit being paid less far up the income scale, affecting people in work and occupational pensioners, and being withdrawn more quickly as income rises.

Most controversially, even more on the benefit, including those on supplementary benefit who have had their full housing costs met will have to meet up to 20 per cent of their rates.

Child and family benefits: Child benefits, costing £4 billion and paid for more than 12 million children, will remain. But it is unlikely to be fully uprated for inflation and may not even rise to the expected £7.25 a week as early as this November. That will help pay a new Family Premium and Family Credit.

Family premium, worth perhaps £4 or £5 a week, will go to families on supplementary benefit the sum will be paid regardless of the number of children. Family credit, the most innovative of the proposals, will replace Family Income Supplement, costing £1.30 million a year and claimed by only half the 400,000 families entitled to it. Employees in low paid work, up to perhaps £90 a week, will be entitled to the supplementary benefit rates for their children which will be paid a credit through their pay rather than through a Post Office Giro as FIS is paid.

Employers will make the payment, deducting it from their tax and national insurance. The benefit is likely to be payable for six-monthly periods rather than for the 12 months FIS is payable. The effect will mean more of the family's income going to the man.

Supplementary benefit: Extra weekly payment for heating, diet, laundry and the like will be abolished and the benefit is likely to be renamed Income Support. Four separate weekly rates will be paid to pensioners, long-term sick and disabled, single-parent families and unemployed. There will be many losers as well as gainers, although those who do better under the present system will retain their current payments, with no upratings until the new benefit rates catch up.

All single payments for furniture, clothing, cookers, linen and repairs will be replaced by a new Social Aid Fund, which will give loans rather than grants. Repayment will be made by weekly deductions from benefit.

Death and birth: The £30 death grant, paid to all at a cost of £17 million a year, will be abolished, with only the poorest receiving help with funeral expenses. The £25 maternity grant, costing £18 million a year, will be means-tested, though the sum may increase slightly. The £27.25 a week maternity allowance, which costs £157 million, will also be means-tested.

Unemployment: The Government's policy paper may contain proposals to replace the £28.45 unemployment benefit, payable for a year, with a higher rate short term unemployment benefit, payable only for six months. Consultation is likely, however. But Mr Fowler is expected to go ahead with plans not to pay mortgage interest to the unemployed for the first six months.

Young people: The paper may not raise the question of withdrawing supplementary benefit from 16 to 19-year-olds, giving them the option of education or a training place. That is the long-term intention but action is not expected until training places are available to all.

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Thatcher statement

Waste disposal

Future of MFA

Future security vetting to be more thorough

BETTANEY CASE

More thorough vetting of all those employed in the security service could be undertaken in future, Mrs Margaret Thatcher, the Prime Minister, told the Commons in a statement about the inquiry into the case of Mr Michael Bettaney, the former security service officer serving 23 years imprisonment.

But Mr Neil Kinnock, Leader of the Opposition, said Mrs Thatcher had failed to allay widespread concern about the security service and he called for an external body to oversee its management. However, she did not agree to his proposal.

Mrs Thatcher said the criticisms the Security Commission made of the handling of Bettaney's case were serious and every possible effort would be made to see that the shortcomings they described did not occur again.

In her statement on security, Mrs Thatcher said: "On February 23 I received the report of the Security Commission on their inquiry into the case of Michael Bettaney, the former security service officer who was tried for offences under the Official Secrets Act and sentenced to 23 years imprisonment in April last year."

The commission have fully examined the security service, with the object of identifying any errors on the part of management in relation to Bettaney's employment.

The commission find that the process of recruiting Bettaney was carried out consistently with the procedures at the time. There is in fact no reason to doubt his loyalty at that time, or to suppose that he had at that time even contemplated the possibility of turning traitor.

The commission make a number of serious criticisms of the errors by the security service in relation to the management of Bettaney's career. In particular, they say that the security service failed to conduct a proper investigation of Bettaney's background.

It remains the case, however, that Bettaney's attempts to get himself recruited as an agent of Russian intelligence service were not successful.

The security service's investigation which led to Bettaney's recruitment was effective and conclusive. Although the course of his attempts to get himself recruited did communicate some secret information to the Russians, he was arrested before he was able to pass on more than a proportion of the secret information that he had collected and the grave damage that would have ensued by such communication was averted.

In the light of their investigation, the commission make a number of recommendations for changes in positive vetting procedures in the security service.

The most significant of these is that, at quinquennial review, special and separate measures should be called for from all those who have supervised the subject since clearance was last given.

The commission also recommend that the revised and improved arrangements should apply at present only to the more senior grades should now be extended to all staff.

These recommendations are being put into effect.

In the course of their investigation, the commission received evidence of a more general character which was critical of various aspects of the internal organisation and management of the Security Service. They did not attempt to pass judgement on these criticisms, but have recorded their impression of aspects of organisation and management which seem to them to require examination and reassessment.

The last chapter of the report makes some suggestions for changes in management attitudes and arrangements and indicates a number of matters which in the commission's view call for particular consideration.

On bail, the society wants the

are being thoroughly examined and the Home Secretary and I are determined to see that action is taken to remedy management weaknesses.

The new Director General is giving the utmost care and attention to the Security Commission's criticism of errors in relation to Bettaney's employment, as well as to the general management criticisms to which I have referred.

But Mr Neil Kinnock, Leader of the Opposition, said Mrs Thatcher had failed to allay widespread concern about the security service and he called for an external body to oversee its management. However, she did not agree to his proposal.

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Rees: Ombudsman inside MI 5

Without any breach of security by members of the service? Would she also bear in mind that the American CIA has an ombudsman with powers of oversight and this has proved, so far as one can gather, a highly successful appointment? An appointment of a comparable kind here would be the safest of all safety valves.

Dr David Owen, Leader of the SDP, Professional and operational efficiency of the security services surely must come into question even though to get recruited by the Soviet security services.

Although Sir Anthony Duff is a very distinguished public servant, would she consider the proposal for a complaints ombudsman, covering the intelligence and security services?

If the CIA and the FBI are both capable of being subjected to an ombudsman and to a select committee of Congress, surely it is time for an all-party parliamentary select committee of both Houses to be able to scrutinise the secret vote and the security and intelligence services?

Mrs Thatcher: No, I do not believe he is correct. He did not do that when he was Foreign Secretary. I believe for very good reasons, and I think we should continue to enable the security services to run in a secret way and carry on their duties to ministers, whether the Home or Foreign Secretary.

Sir Anthony Kershaw (Stroud, G): She discards the obviously obvious suggestions of Mr Kinnock, she is likely to prove positively harmful in their effect, but recognise that the spasmoidic reviews by the great and good of the security services are not adequate and a permanent inspectorate within the service is likely to prove the best way to go ahead?

Mrs Thatcher: I have noted his comments but I am sure he will agree the best way is for the new director general to consider those matters first and make his own recommendations.

Mr Merlyn Rees (Leeds south and Morley, Lab): As part of the consideration on the matter of internal complaints, would she report to the House later this year on the ideas of the new director general on this matter? A number of us agree with Sir Edward Gardner that the best channel would be a sort of ombudsman inside MI5 because it did take the Bettaney case before any consideration was given to this matter.

I accept myself any criticism of that nature that might fall on me because of it, but it is a serious matter and it is a very good idea that has come forward.

Mrs Thatcher: Without any commitment, may I consider what he has said? I think it is important that a solution is found and that I report that a solution has been found. Whether or not it would be to report precisely what that solution is, I would like to consider.

Mr Jonathan Aitken (Thames South, C): In the aftermath of the Blunt revelations six years ago, she and the then Home Secretary (now Viscount Whitelaw) indicated that there would from then on be the tightest possible minority oversight of the security services.

Is it not an uncomfortable fact that the weaknesses revealed by today's statement indicate that pure ministerial oversight - however good these ministers may be - really is not good enough?

Will she now be a little more sensitive to the view that some form of privy councillors' committee or ombudsman would reassure public opinion?

Mrs Thatcher: I think he would be the first to accept that ministers cannot get involved in the day-to-day management of any service. I do not think it would be helpful to the security services to have their operations and their management exposed to cross-examination in this House. I think it would be highly damaging to them.

Mr B T Harris, of Poole, said that if magistrates' jurisdiction in family law went, the juvenile court could go too. "We are seeing an extension of fixed penalties. What is left?" He feared only a rump of the magistrates' court.

Mr Pat Webb, chairman of the society's Family Law Committee, said it looked as if family law would change fundamentally.

Statement after next recess

PENSIONS

A statement about the review of the social security system will be made by Mr Norman Fowler, Secretary of State for Social Services, after the Whitsun recess. Mrs Thatcher, the Prime Minister, said.

Mr David Winnick (Walsall, North, Lab) had asked: If it is true that the Cabinet decided today to abolish or phase out the state earnings-related pensions scheme, how does she justify that to the 11 million people entitled out of their right to live their retirement, in due course, in comfort and dignity?

How many of those adversely affected people believed the pledge given by her and her colleagues that the scheme would not be touched?

Mrs Thatcher: Mr Winnick must contain himself in patience. The Cabinet completed consideration of the social security review and the Secretary of State for Social Services will finalise a green paper to be published following the Cabinet decisions.

He hopes to publish it and make a statement soon after the Whitsun recess.

Proposals must command acceptance

ULSTER

Mr Douglas Hurd, the Secretary of State for Northern Ireland, said during Commons questions on the constitutional future of Northern Ireland that he was perfectly ready to consider any suggestion which appeared to command widespread acceptance, which meant acceptance across the division between the communities in Northern Ireland.

The House would think him fairly foolish if he came forward with some new proposition without being able to say to the best of his judgement it did have that widespread acceptance.

He was replying to Mr Ivor Stanbrook (Orpington, C) who had spoken of the frustration of the majority parties in Northern Ireland at Mr Hurd's refusal to countenance the normal practice of democracy rule of the majority.

Could he not find a useful role in the present Assembly (he asked) by making an upper tier of local government and allowing the proper process of democracy to take place within it?

Mr Hurd said Mr Christopher Patten, the Under Secretary of State for Northern Ireland, had met representatives of each of the main constitutional political parties, except the Democratic Unionist Party, privately to investigate and clarify their positions.

His conclusions (Mr Hurd said) will help me evaluate how best progress can be made.

Mr Tony Benn (Chesham, Lab): During the war, Winston Churchill, as Prime Minister, made an offer to Dublin to re-join Ireland without consulting Stormont. It was a defence consideration that was dominant in his mind then. That is the consideration in the minds of the British and American Governments.

Were the Republic to be persuaded to join NATO, the British Government's objections to reunification would almost certainly disappear.

Mr Hurd: No, that is not so.

Mr Hurd, agreed to a request from Mr Nicholas Budgen (Wolverhampton South West, C) to review the usefulness of the Northern Ireland Assembly before its next elections.

Dr Rhodes Boyson, extolling the virtues of Ulster hospitality during Commons questions on tourism, admitted he was now 8lb heavier than when he became Minister of State for Northern Ireland last September.

Some of the best food in the world was to be found in the Province, Dr Boyson told MPs, urging them to spread the word about attractions of holidays there.

He added that if MPs would themselves take a holiday of two or three weeks in Northern Ireland

LOCAL FINANCE

Mrs Thatcher, the Prime Minister, indicated in the Commons that Mr George Younger, Secretary of State for Scotland, would be making a statement next week about help over commercial rates.

Mr Kinnock, Leader of the Opposition, immediately wondered if the decision to rush through a panic Bill on Scottish rates relief was made at what was quickly called the rates summit at which six weeks ago or made later, without the benefit of seminar, in the knowledge that she was going to a Scottish Tory conference on the warpath.

Mrs Thatcher countered his comment by saying that the relief of

domestic rates had been welcome, particularly in view of the 17 per cent average increase in domestic rates, two-thirds of which was attributable to revaluation, the effect of 8p in the pound to domestic ratepayers at a cost of £90m had cancelled out the increase.

There was also the difficulty caused by high spending Labour councils. They increased the problem, as the Edinburgh council showed.

Mr Kinnock said Mrs Thatcher was talking nonsense. The Auditor General had stated that by far the biggest reason for rate increases in Scotland and elsewhere was the withdrawal of Government support for local authorities.

If Mrs Thatcher was engaged in a U-turn, would she give back to the £1,000 million she had taken away from authorities in the last five years?

Mrs Thatcher stood by her statement that of the 17 per cent

average increase in domestic rates in Scotland this year, two-thirds was attributable to council overspending. In so far as rates were directly attributable to revaluation, the effect of 8p in the pound to domestic ratepayers at a cost of £90m had cancelled out the increase.

There was also the difficulty caused by high spending Labour councils. They increased the problem, as the Edinburgh council showed.

Mr Kinnock said the Prime Minister should take this matter up with the Comptroller and Auditor General and the Audit Commission so that she did not lead the country by her recital of figures which were not based on reality.

Mrs Thatcher said ministers were considering the Auditor General's report which would not always favour Mr Kinnock's viewpoint.

Earlier, Mr David Steele, Leader of the Liberal Party, said: A warm welcome awaits her on her visit to Scotland tomorrow (Friday), particularly as we have just passed the tenth anniversary of her pledge to abolish the rates system. No announcement of temporary relief, however welcome, will be a substitute for redressing that pledge.

Mrs Thatcher: We have made some contribution for temporary relief of domestic rates in Scotland, of £90 million announced some time ago. The Secretary of State (Mr Younger) hopes to be able to make a further announcement next week, which will help with commercial rates.

We are studying longer-term reform of rates and hope to be able to make an announcement when our studies are complete.

Trade minister wants MFA renewed

TEXTILES

The multilateral arrangement should be renewed next year, but not with a joint, Mr Paul Canning, Minister of Trade, said.

He said that the negotiations opened a Commons debate on the MFA. He said that the United Kingdom would not necessarily get its way in full in those negotiations.

He said that the negotiations of the new General Agreement on Tariffs and Trade (GATT), from which the MFA is a derogation, would be many-sided and would last for four or five years or more.

In the MFA negotiations, they would have to establish a common position in the European Community and the Community would negotiate in GATT.

He said the present MFA, the controls in developing countries on exports of textiles and clothing, was due to end in July 1986. Discussions were just beginning about whether it should be extended. The MFA was an internationally negotiated derogation from the GATT.

The MFA had led to 500 quotas in Britain being applied to some 30 textile and clothing items from 27 developing countries. British industry supplied 60 per cent of home consumption of textiles and clothing and exported 25 per cent of its production. About 25 per cent of imports were from the United States and 25 per cent from other countries.

There was general agreement among the "sunbelt" countries that spreading protectionism would be a disaster for the growth of the world economy.

There was pressure in Britain and in the EEC and elsewhere for the MFA to be ended. In Britain, consumer organisations argued that the cost of the MFA for consumers was disproportionately heavy in relation to any benefit it brought to the industry. But continuation of the MFA was urged by the textile and clothing industry and trade unions.

On the forthcoming new GATT round, it was time everyone realized that Britain was not prepared to be a soft touch any longer. Our aim (he said) must be mutual, not unilateral disarmament of special exemptions and derogations.

Mr Nicholas Winterton (Macclesfield, C) said the clothing and textile industry was Britain's fourth largest employer. The MFA was vital to the industry and workforce agreed.

Government defeated over waste disposal

LOCAL GOVERNMENT

By 170 votes to 166, a majority against the Government of four, the House of Lords removed from the Local Government Bill the clause transferring waste disposal functions of the GLC and metropolitan councils to the GLC and metropolitan councils.

Peers then accepted without a division an amendment by the Earl of Cranbrook establishing an overall waste disposal authority in London and in each of the metropolitan counties.

The Government was wrong in thinking the Opposition was trying to make the London Residuary Body, which will follow abolition of the GLC, a permanent, elected body, Lady Birke (Lab) said in moving a two new clauses designed to give responsibility for the disposal of hazardous waste and waste regulation and disposal functions in Greater London and the metropolitan counties, to the residuary bodies in London and each metropolitan county.

Lord Elton, Minister of State for Environment, challenged her to say whether it was the Opposition's intention that the residuary body in London should become permanent.

Lady Birke: Parliament can do anything and it can certainly make this residuary body permanent. Lord Elton: The Government will probably take a different view about what she is proposing if it presupposes later changes to the nature of the body in which she is giving these functions.

Lady Birke: Whatever form the body takes, in order to guarantee continuity there will have to be a permanent body set up. Lord Elton: Is it the intention of the Opposition to change the nature of the residuary body until it is a reflection of what is being abolished in this Bill?

Lady Birke: He is not right to draw that conclusion. These functions could well go to a residuary body but that does not for one moment mean it could be a mirror image of the GLC or the metropolitan counties.

The reasons for the amendment, she said, were based on widespread expert opinion, including the CBI and the National Association of Waste of the Country, which was vigorously opposed to the Government's proposals to give responsibility for waste disposal to the borough and district councils on the grounds that they were too small.

Lord Campbell of Allerdale (C) said this was a challenge to the principle of the Bill. It was nothing other than part of the declared strategy to load up residuary bodies with functions so that it could be argued that they should be elected.

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Lord Ems (L) said that as the waste disposal services had shown so much success since they were last reorganised in 1974 they should be kept in that state for the benefit of the people. He said that the Local Government Bill (C) said it was proposed to transfer a permanent function to a body which it was contemplated by the Bill should be temporary. If that was so, it raised the question whether the purpose of this proposal, or its effect, was to add weight to the argument for making this body permanent by loading so many functions upon it that the Opposition would say that it must be elected and must have precepting powers.

Lord Harewood-Nicholls (C) said it had been made crystal clear that part of the strategy behind the amendment was to use them as a vehicle to get through the side door the principle of not ending an unnecessary tier of government.

The Earl of Cranbrook (C) speaking to a further amendment he proposed to establish a London-wide waste disposal authority in London and in each of the metropolitan counties, said it was impossible to separate the disposal of domestic and hazardous wastes. As long as the present system continued to be essential to have one service supporting all waste disposal functions.

Lord Lumber of St Marylebone (C) said the system proposed by the Government had already been tried, before the creation of the GLC and the result had been a chaos of hotchpotch arrangements.

Lord Elton, Minister of State for Environment, said they were not in the business of recreating a lesser form of the authorities that were being abolished.

The Government accepted the need for close co-ordination of controls over hazardous waste and for the maintenance of existing centres of specialist staff, facilities and equipment.

The boroughs had already proposed a separate unit to provide these services for London. The creation of these separate units would mean that there was no need for the involvement of the residuary bodies in these arrangements.

Lady Birke said she would withdraw the first new clause and would move the second one which she urged peers to support the Earl of Cranbrook's amendments.

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Lord Ems (L) said that as the waste disposal services had shown so much success since they were last reorganised in 1974 they should be kept in that state for the benefit of the people. He said that the Local Government Bill (C) said it was proposed to transfer a permanent function to a body which it was contemplated by the Bill should be temporary. If that was so, it raised the question whether the purpose of this proposal, or its effect, was to add weight to the argument for making this body permanent by loading so many functions upon it that the Opposition would say that it must be elected and must have precepting powers.

Lord Harewood-Nicholls (C) said it had been made crystal clear that part of the strategy behind the amendment was to use them as a vehicle to get through the side door the principle of not ending an unnecessary tier of government.

The Earl of Cranbrook (C) speaking to a further amendment he proposed to establish a London-wide waste disposal authority in London and in each of the metropolitan counties, said it was impossible to separate the disposal of domestic and hazardous wastes. As long as the present system continued to be essential to have one service supporting all waste disposal functions.

Lord Lumber of St Marylebone (C) said the system proposed by the Government had already been tried, before the creation of the GLC and the result had been a chaos of hotchpotch arrangements.

Lord Elton, Minister of State for Environment, said they were not in the business of recreating a lesser form of the authorities that were being abolished.

The Government accepted the need for close co-ordination of controls over hazardous waste and for the maintenance of existing centres of specialist staff, facilities and equipment.

The boroughs had already proposed a separate unit to provide these services for London. The creation of these separate units would mean that there was no need for the involvement of the residuary bodies in these arrangements.

Lady Birke said she would withdraw the first new clause and would move the second one which she urged peers to support the Earl of Cranbrook's amendments.

UK still after bridge contract

The Government is still in contact with the Turkish Government, hoping to secure something from the contract for building the Bosphorus Bridge, Mrs Thatcher, the Prime Minister, said during questions in the Commons.

Mrs Thatcher: The reason the Bosphorus Bridge contract was the other way was that the rival consortium gave aid not only for the bridge but for the road contract.

Opposition motion on industry

The main business in the House of Commons next week will be: Monday: Private member's motion on civil liberties. Felixstowe: Dock and Railway Bill, second reading.

Tuesday: Oil and Ports Bill, second reading. Wednesday: Debate on Opposition motion on industry and new technology.

Thursday: Motion for the spring adjournment. Administration of Justice Bill, second reading.

Friday: Local Government (Access to Information) Bill and Dangerous

Vessels Bill, remaining stages. The main business in the House of Lords will be:

Monday: Local Government Bill, committee, sixth day. Tuesday: Local Government Bill, committee, seventh day.

Wednesday: Debates on trade union ballots and on the strategic defence initiative. Prohibition of Female Circumcision Bill, second reading.

Thursday: Interception of Communications Bill, second reading.

Friday: Wildlife and Countryside (Amendment) Bill, second reading.

Magazines seized in police raid

Tons of magazines and video cassettes were seized under the Obscene Publications Act yesterday by police in London and 12 other towns in the largest operations against pornography in Britain.

Three lorries were needed to hold material seized in Whyteleafe, Surrey, in an investigation organized by the obscene publications squad at Scotland Yard under Det Supt Iain Donaldson. The operation was codenamed Operation Moose.

Six forces outside London took part in the raids which were aimed at snuffing out pornography. They were aimed at a London company which is the largest distributor of sex magazines and cassettes in the country.

The raids were carried out as far afield as Bolton, Wolverhampton, Leicester, Norwich, Manchester and Ipswich. Yesterday police officers were examining material seized under warrant.

Philipp Cook, aged 40, a bus driver, of Jansen Walk, Battersea, was committed for trial at the Central Criminal Court on bail by west London magistrates yesterday, charged with murdering Miss Lyn Summers, aged 35, of Talgarth Road, West Kensington, at Kensington High Street Underground station last November.

Murder trial

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Overseas students 'lost to Britain'

Britain is losing the valuable overseas student market to Japan, the United States and the Soviet Union, according to annual statistics published by the British Council today.

While other Western and Communist bloc countries increase political and economic influence through "scholarship diplomacy", the number of overseas students in Britain declines. That threatens British trade and influence, the council says.

There has been a 37 per cent drop in overseas students since 1979-80, when the Conservative Government introduced "full-cost fees". Numbers have decreased from 88,037 to 55,608 in 1983-84.

Japan plans to expand overseas students from 10,000 to 100,000 by the end of the century. It believes that overseas students, mostly from the Association of South East Asian Nations, should be at the centre of education and foreign policy in the twenty-first century.

The United States is increasing its USAID scholarship programme by 50 per cent in 1986. The number of overseas students in the Soviet Union increased from just over 50,000 in 1978 to 82,500 in 1983. The Eastern bloc is investing an estimated £1 billion.

British universities charge a minimum of £3,150 a year for a science course and £7,650 for a clinical course, which Commonwealth countries say their students cannot afford.

British taxpayers pay £71 million a year towards overseas students.

Cables said in this month's Director magazine.

Moscow commemorates 'socialist victory'

Cold comfort for West in Kremlin display

From Richard Owen
Moscow

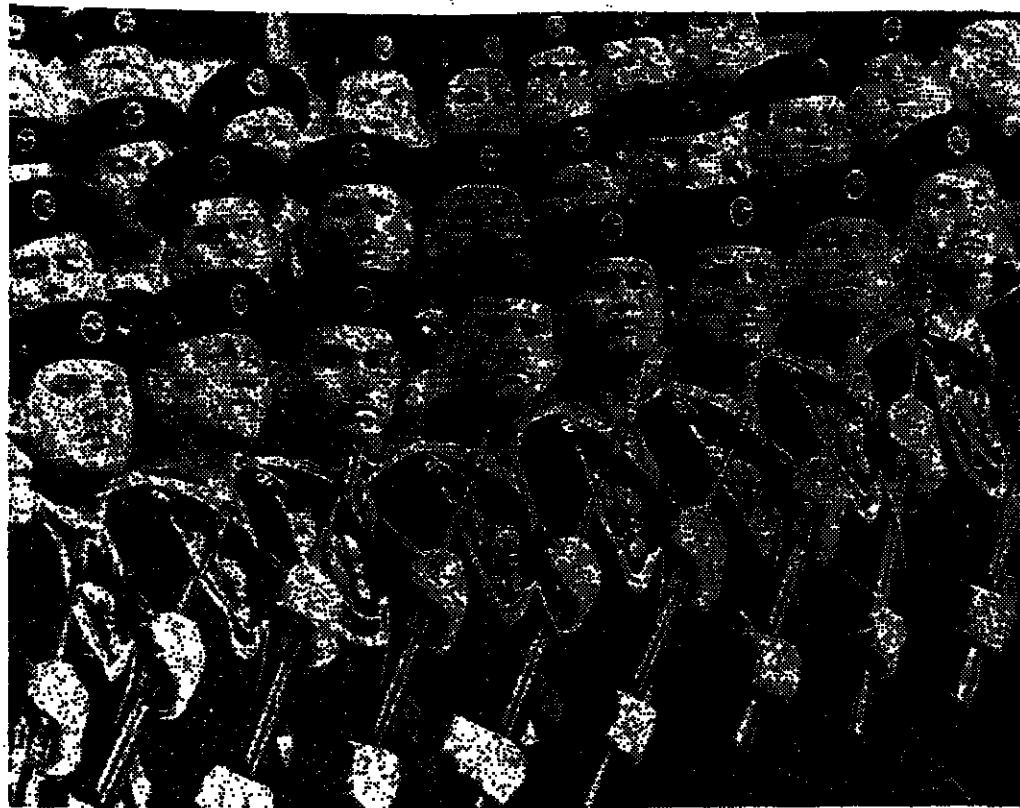
In a haze of exhaust smoke yesterday, wartime T34 tanks, Katyusha rocket launchers ("Stalin organs") and modern armour thundered across Red Square to mark the fortieth anniversary of what is coming to be seen in Russia as a victory for Soviet socialism as much as a defeat for Nazism.

There was little comfort for the West, which is increasingly seen as the spiritual heir of Nazism - the imperialist enemy - rather than the joint vanquisher of Hitler. The spindly T34s drew affectionate applause - they spearheaded Zhukov's drive to Berlin - but their sleek successors pointed at America and Western Europe.

The parade, led by victory banners hoisted on the Reichstag in 1945, was longer than the annual November display and included several weapons not shown before, among them the silver-painted SS21 now deployed in Eastern Europe and aimed at cruise and Pershing bases in Western Europe. Looking rather small, it was carried at an angle on a six-wheel transporter. There were also a new Howitzer and a new armoured troop carrier.

The tanks and rockets followed a marchpast by troops in Second World War uniforms, bearded veteran generals, partisans in berets and caps, Polish and Czechoslovak units of ex-servicemen and smart present-day Soviet regiments including members of the elite parachute corps, which has served in Afghanistan.

The parade was attended by Sir Iain Sutherland, the British ambassador, but not by the



Eyes right: Soviet Marines marching through Red Square in yesterday's parade, with an approving wave from Mr Gorbachov.

American or West German ambassadors. Nato has boycotted displays of Soviet armed might since the invasion of

Afghanistan, and Mr Arthur Hartman, the American ambassador, said his decision to stay away yesterday also had to do with the killing of Major Arthur Nicholson in East Germany.

Sir Iain defended his decision to attend both the parade, and Mr Gorbachov's Kremlin

speech, saying the Government had "got it just right" in sending him rather than a minister from London.

At the parade Marshal Sergei Sokolov, the Defence Minister, accused "capitalist propaganda" of falsifying history by belittling the Soviet role in the way and absolving those who unleashed it of responsibility - an echo of Mr Gorbachov's remarks on Wednesday.

Marshal Sokolov referred to

the Nazis as the "crack forces of imperialism" and said their defeat had deepened the capitalist crisis while strengthening communism. He repeated Mr Gorbachov's claim that the 1945 victory had been a victory of Soviet ideology as well as Soviet arms.

But the Defence Minister said Russia was "prepared to display goodwill and join other states in searching with perseverance for ways to find mutually accept-



able agreements aimed at lessening the threat of war". One Western diplomat said Mr Gorbachov's remarks on Wednesday had merely been "the distorted version of history we are used to hearing here". Observers noted that Soviet television had shown close-ups of Mr Gorbachov's wife Raisa and daughter Irina, thus keeping the Soviet leader's family in the limelight, in contrast to previous practice.

In addition to the Red Square parade, there was an aerial display at the Moscow military airport at Tushino, but foreign observers were excluded.

● Mr Averell Harriman, America's Second World War Ambassador to Moscow, has been given the Soviet Order of the Patriotic War, First Class, for "his profound personal contribution to the Soviet-American wartime alliance. (AP reports).

\$1 billion drugs haul in Florida

Miami (AP) - More than two tons of cocaine with an estimated street value exceeding \$1 billion and a ton of marijuana were seized and five people arrested in three separate drug raids, officials said.

The amounts seized in each of the two cocaine raids are among the 10 largest in the US, according to statistics compiled by Associated Press.

Britons jailed in Indonesia

Jakarta - Two Britons, William Anderson and James Carlton and five other men have been sentenced to six to eight months imprisonment for trying to take a chartered drilling ship back to Singapore after a dispute.

Lawyers said their imprisonment time since their arrest in January would be deducted from their sentences.

Bhopal children 'born deformed'

Delhi (Reuters) - About 100 women affected by the Bhopal gas disaster have given birth to deformed children, the Press Trust of India reported.

The new agency said the figure was given in a report to a cabinet committee set up to monitor the after-effects of the gas leak from the Indian Union Carbide plant in Bhopal, in December in which 1,700 people died and 200,000 were injured.

Prison unrest

Paris (Reuters) - Unrest spread to two more French jails yesterday and riot police lobbed tear gas grenades at Fresnes prisoners who took to the roofs and hurled tiles in protest at overcrowding. They finally returned to their cells later.

Space agreement

Tokyo (AP) - Japan and the United States have signed an agreement to formally begin Japanese participation in the US manned space station project.

Cyprus poll

Nicosia (Reuters) - The Turkish-Cypriot Constituent Assembly has decided to hold presidential elections in broad away northern Cyprus on June 9.

Pavarotti ill

Paris (Reuters) - The tenor Luciano Pavarotti has returned to Italy after being taken ill. A spokesman for the Paris Opera said he understood Pavarotti had a heart complaint.

Mating mission

Miami (AP) - Two fertile Stanley crane eggs from the city's Metropoulos are being flown to the Soviet Union, where experts hope they will hatch and grow into mates for two lonely male cranes.

Crocodile meat

Brisbane (AP) - Frozen crocodile meat for human consumption will be soon available in Australian grocery stores because the reptile is no longer an endangered species.

Reagan turns the tables on walkout by Lisbon MPs

From Nicholas Ashford, Lisbon

President Reagan yesterday faced the second walkout by parliamentarians of his 10-day European tour. But, unlike his stumbling performance after a similar protest in the European Parliament in Strasbourg on Wednesday, on this occasion he managed to turn the demonstration to his own advantage.

The incident occurred just after he had taken his seat in the National Assembly before delivering a speech in praise of Portuguese democracy. A group of about 40 Communist deputies rose from their seats and silently filed out of the chamber.

When he began his address, President Reagan looking in the direction of their empty seats, joked: "I'm sorry that the seats on the left seem to be uncomfortable."

Later he was applauded by the 210 Socialist, Social democratic and conservative deputies who remained in the chamber when he departed from the prepared text of his speech and declared: "It is the trust in the individual - the right to speak, to assemble, to publish, to vote, and to walk out - that is the meaning of democracy."

The Communist deputies later said their walk-out was to protest against President Reagan's policy towards Nicaragua.

His decision to visit the German military cemetery at Bitburg and the presence of an American military base at Lajes, in the Azores.

Shortly before their demonstration there had been a commotion when the sole deputy from the Green Party, who decided to boycott the speech, placed a caged dove on his empty chair.

There was a chorus of boos from deputies belonging to the ruling Socialist Party who demanded that the bird be removed. When their demand was initially refused they threatened to walk out in protest. The dove was eventually taken away by an officer.

In the speech, the President paid lavish tribute to Portugal's historical achievements, praised its democracy, and reiterated his off-repeated warnings about the dangers of totalitarianism.

Referring to Portugal's brief flirtation with Marxism after the 1974 revolution that ended

half a century of dictatorship, he praised the rejection of "totalitarian ideology" and the "decisive turn to democratic self-rule."

The president's two-day stay in Portugal has been the most successful, and least eventful part of his troubled European tour. Although there have been some street demonstrations, they were mild compared to those that took place during his stay in Spain. Virtually no differences of viewpoint emerged during his talks with Dr Mario Soares, Portugal's Prime Minister.

After their meeting, Dr Soares said they had had "a close similarity of viewpoint on international matters including East-West relations, the Third World and southern African."

Before their meeting, President Reagan strongly denied a charge by President Ortega of Nicaragua that the US was interfering in Nicaragua's internal affairs. "We're not inter-

fering. They are interfering with democracy in the Americas."

President Reagan indicated he would discuss the reviewing aid to the Nicaraguan Contra rebels when he gets back to Washington. He believed President Ortega's current tour of the Soviet Union and Eastern Europe may have swung some congressmen in favour of the \$14 million (\$11 million) aid package to the Contras, while the House of Representatives rejected last month.

Asked what he thought of President Ortega's trip to Moscow, he replied: "I expected him to go there. That's his patron saint." Mr Reagan is due to return to Washington today. If he was disappointed by the outcome of his European tour, he showed few signs of it yesterday.

Asked if the trip had tired him, he said: "No. Youth is on my side." He added: "If you're tired, why don't you take the rest of the day off?"

Members of the far right group at the back of the chamber began shouting "Communist" as Mr Davis began an emotional story of a personal visit to Central America. "I seem to have upset some of the fascist right," he said.

As uproar mounted, Herr Seibert Alber, from the chair, warned Mr Davis: "You must speak on behalf of the Com-

mission and not as Mr Davis."

Mr Davis sought to clarify his statement: "There is only one fascist right in the house, and I was referring to that," he said, bringing Mr Olivier d'Ormesson, of the French National Front, storming to the chair to demand the right of reply.

Amid uproar, Mr Davis finished his tale from Central America, and then voting began on amendments by the right-wing parties to a socialist resolution condemning President Reagan's embargo.

By a handful of votes, the right wing won the first division - and socialist and communist officials rushed round the bars and corridors trying to pull in enough members to tip the balance. They clambered and crawled over each other in an undignified rush to their seats.

But the right majority just held firm. The left responded by switching tactics - and poured out of the chamber in an attempt to have the session closed for lack of a quorum.

Again the tactic failed, and the right wing cheered and stamped, as they had done 24 hours earlier for President Reagan.

Right wins vote on Managua embargo

Uproar as Euro-MPs storm from chamber

From Ian Murray, Strasbourg

Proceedings at the European Parliament in Strasbourg degenerated into near farce yesterday as socialist and communist members walked out en masse after having failed narrowly to win a debate condemning President Reagan's trade embargo on Nicaragua.

At the centre of the storm was Mr Stanley Clinton Davies, the British Commissioner, who made a statement on behalf of his Commission and socialist colleague Mr Claude Cheysson, which infuriated the right in what they saw as its political bias.

The Commission noted the embargo with concern, he said. The measure would make it more difficult to secure stability in Central America and would compromise steps for peace being taken by the Contadora group. It would "only aggravate the situation which has brought misery to hundreds of thousands of people."

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US will back Afghans openly

From Christopher Thomas
Washington

The Reagan Administration plans to give aid openly to the Afghan guerrillas for the first time as part of a newly-defined policy of supporting anti-communist rebel armies throughout the world. The Cambodian resistance movement may be the next beneficiary.

The administration intends to give \$4 million this year and \$5 million in 1986 in non-lethal assistance to the Afghan fighters. "Non-lethal" means lorries and ambulances, as well as food and medicine. The US has given aid covertly to the rebels since the Soviet invasion of 1979, probably totalling about \$400 million. Another \$250 million of covert assistance is expected this year.

Providing "overt" aid has wider diplomatic implications because it would so closely identify the US with a military struggle against Soviet forces. It could also embarrass Pakistan, which tries to play down its support for the Afghan rebels.

But there is little doubt that most of the American money is channelled through Pakistan. Mr Mikhail Gorbachov, the Soviet leader, has said that further "aggressive actions" by Pakistan "cannot but affect the most negative way Soviet-Pakistan relations."

The US has been acutely worried for some time that the Soviet Union might attempt subversive tactics in Pakistan as a reprisal for the help given to the Afghan guerrillas. The provision of overt aid might increase that possibility.

Mr George Shultz, the Secretary of State, gave the first hint of the new attitude to anti-communist guerrillas in the latest issue of *Foreign Policy* magazine. He wrote "Today in a variety of different situations in Nicaragua, in Afghanistan, in Cambodia, in Africa, Marxist-Leninist rulers have clearly failed to suppress the aspiration for representative government."

"So long as communist dictatorships feel free to aid and abet insurgencies in the name of socialist internationalism, why must the democracies, the target of this threat, be inhibited from defending their own interests and the cause of democracy itself?"

Mr William Schneider, Under Secretary of State for Security Assistance, told a congressional hearing that the US "must retain the freedom to put would-be totalitarianism on the defensive" by aiding resistance groups. He said groups must be chosen and aid given on a case-by-case basis, but emphasized that "totalitarian regimes... Cannot assume they are immune at home so they may do as they wish abroad."

The mood on Capitol Hill seems generally sympathetic, although some Democrats say that the policy should include aid for group fighting repressive right-wing governments. Some congressmen believe that aid for guerrillas should be strictly confined to indigenous attempts to drive out foreign occupiers, and given only when the group has broad US and international support.

Commentary



Geoffrey Smith

In his speech to the European Parliament President Reagan reaffirmed emphatically the American commitment to the unity of Europe: "We continue to see a strong and unified Europe, not as a rival but as an even stronger partner."

That has always been the American attitude. The United States offered powerful encouragement to the first moves towards European unity after the war. It welcomed the establishment of the European Community; and in 1962 President Kennedy gave the most memorable expression of the American concept of partnership in his Philadelphia "declaration of interdependence", to which Mr Reagan referred at Strasbourg. The Kennedy doctrine was that North American and Western Europe should form twin pillars of an Atlantic community.

But neither then or later was sufficient attention ever paid to the relationship between the pillars. It was just taken for granted that they would, of course, be supporting the same arch. But as time passed the tensions within this structure have grown, partly by accident and partly by design.

One of the principal motives for European unity in the early days was to create a bulwark against the East. The more prosperous and the more cohesive Western Europe became, the better would it be able to withstand the encroachments of Communism.

Why de Gaulle stood firm

But the more surely that objective was achieved, the more Western Europe gained in confidence, the more voices were heard seeking to define its identity not only in contrast to the East but also in contrast to the United States. This view was enunciated most dramatically by de Gaulle when he rejected Britain's first application to join the Community in 1963.

If Britain were to become a member, he declared, the Community "would be faced with the problems of its economic relations with all sorts of other nations, and first of all with the United States. It is to be foreseen that the cohesion of its members, who would be very numerous and diverse, would not endure for long, and that finally it would appear as a colossal Atlantic community under American domination and direction which would quickly have absorbed the European Community."

This argument that Britain was not fit to join the Community because it would be America's Trojan horse had its effect upon subsequent British governments and important sections of British opinion. There was a tendency to prove that we were truly European by keeping our distance from the United States.

In the second volume of his memoirs, *Years of Upheaval*, Kissinger speaks of Edward Heath's reluctance as Prime Minister to give any impression of ganging up with the Americans.

The tension persists between Atlanticists, who see the unity of Western Europe as part of a partnership with the United States, and Eurocentrists, who believe that the unity of Western Europe requires it to be distinct from the United States. The tension is most evident in Britain and Germany because they are the most Atlanticist of Community members. France is the least inhibited about being Eurocentric, as was demonstrated as recently as the Bonn summit last week.

There is also some confusion in the United States. Having willed the end, Americans are not always happy with the consequences. They do not find it easy to deal with the decision-making processes of the Community. At the end of the summit Mr James Baker, the Secretary of the United States Treasury, declared that "if we don't end up getting a GATT round in 1986, we'll sit down with those countries that want to negotiate with us."

But that is precisely what Britain and Germany cannot by themselves under the rules of the Community. International trade negotiations are a collective responsibility to be carried out by the Commission under instructions from the Council of Ministers, which must take such decisions unanimously. So the French have a constitutional veto unless they can be persuaded not to exercise it.

Europeans should appreciate Mr Reagan's reaffirmation of faith in European unity. But much more thought needs to be given on both sides of the Atlantic on how to reconcile that unity more effectively with the broader Atlantic partnership.

Convicted rapist pleads on live TV

From Trevor Fishlock
New York

Millions of Americans yesterday watched as Gary Dotson, who has spent six years in jail for rape, pleaded for a pardon at an extraordinary hearing in Chicago. His purported victim was expected to repeat her story that she invented the rape.

Mr Dotson, aged 28, appeared wearing a white suit at a ceremony hearing called by Governor James Thompson, of Illinois, who is empowered to grant a full pardon.

The hearing was covered live on television and 18 witnesses were due to give evidence. Mr Dotson was given a 25 to 30 year sentence in 1979 for having raped a girl who was then 16.

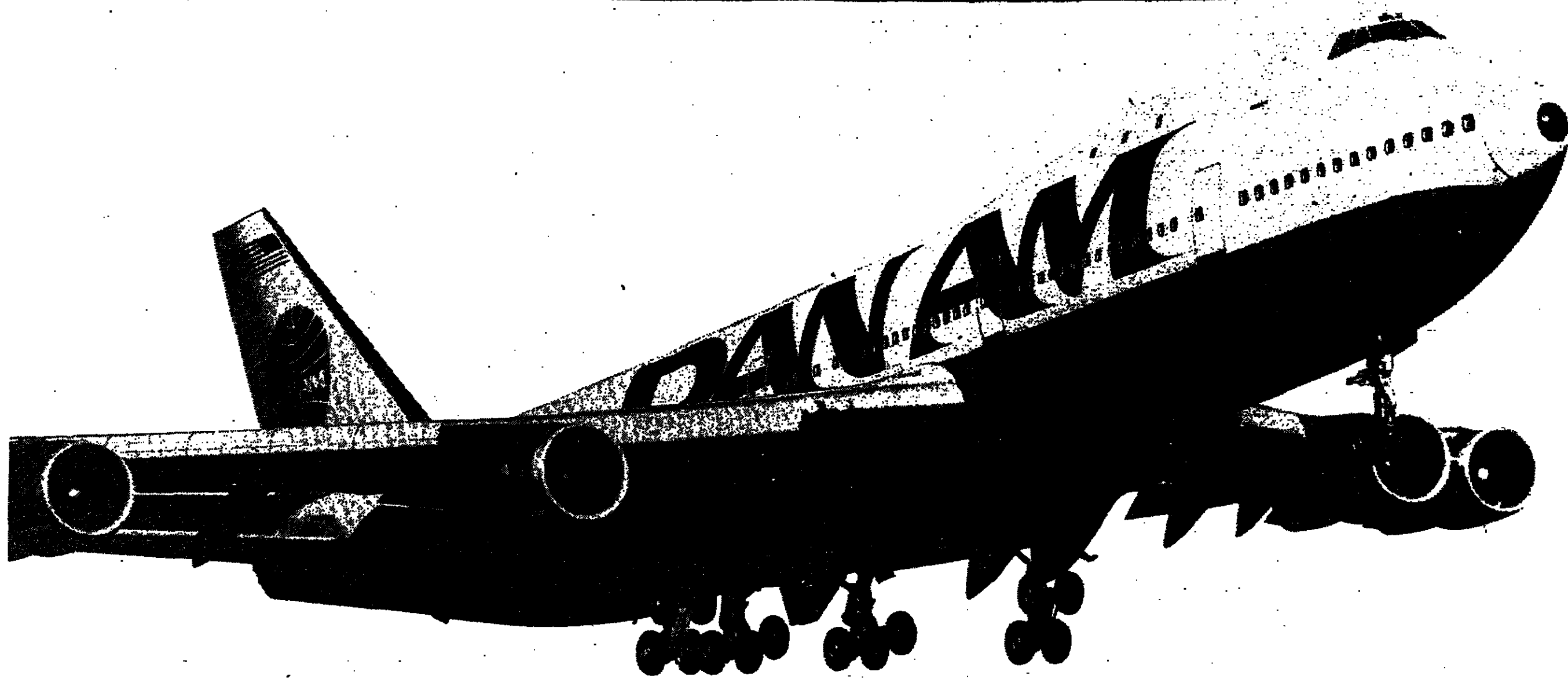
But two months ago Mrs Cathleen Crowell Webb, who said six years ago the Mr Dotson raped her, recanted her evidence. She said she fabricated the story and scratched her body because she feared she might have become pregnant by a boyfriend, and picked Mr Dotson at random from police photographs.

A judge who heard her recantation sent Mr Dotson back to prison and refused to grant a new trial, commenting that recantations were notoriously unreliable. He had presided at the original trial.

The case raises unusual legal issues. Recantation of evidence is viewed with considerable scepticism because witnesses may have ulterior motives or have been bribed or under threat.

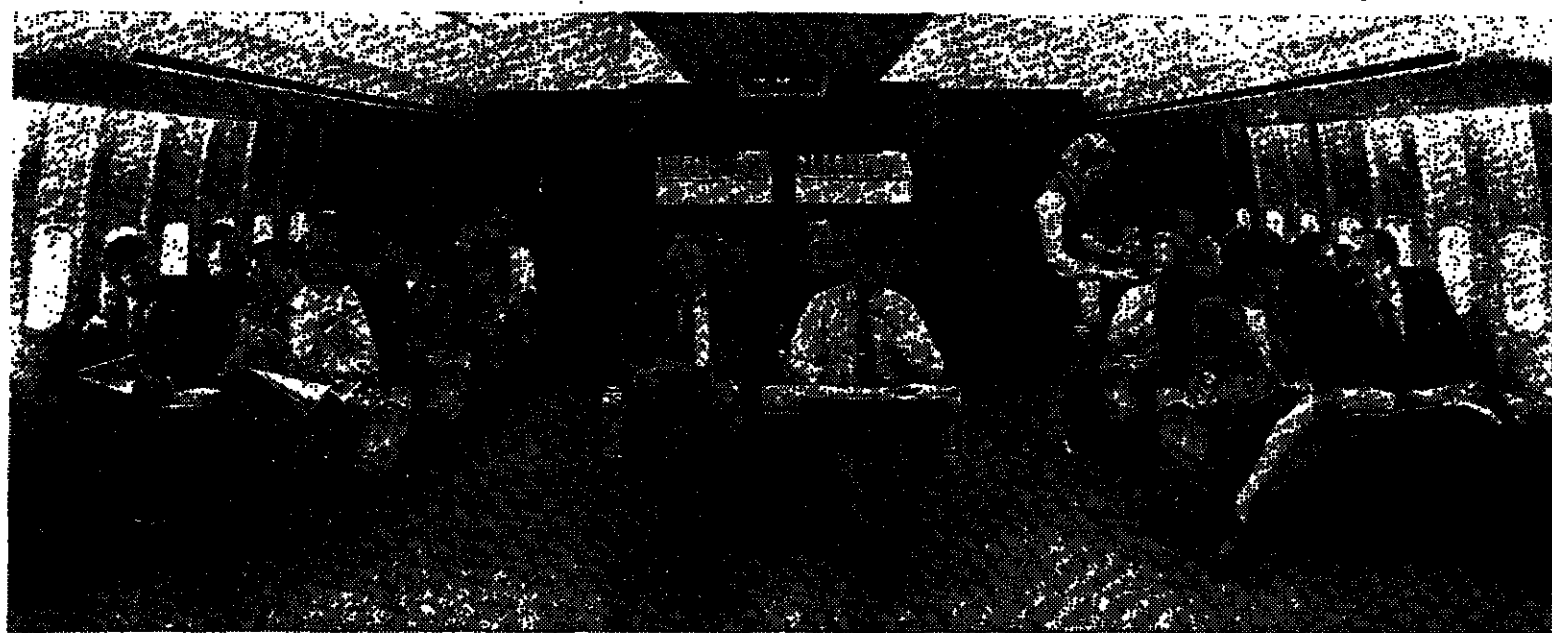
But the Dotson case is considered special, and there has been strong pressure of public opinion for a new hearing. Opening it yesterday, Governor Thompson said, "Our criminal justice system in Illinois is being examined by the world."

Under the glare of television lights, Mr Dotson, in response to questioning, yesterday began a detailed account of events leading to the time he was arrested.



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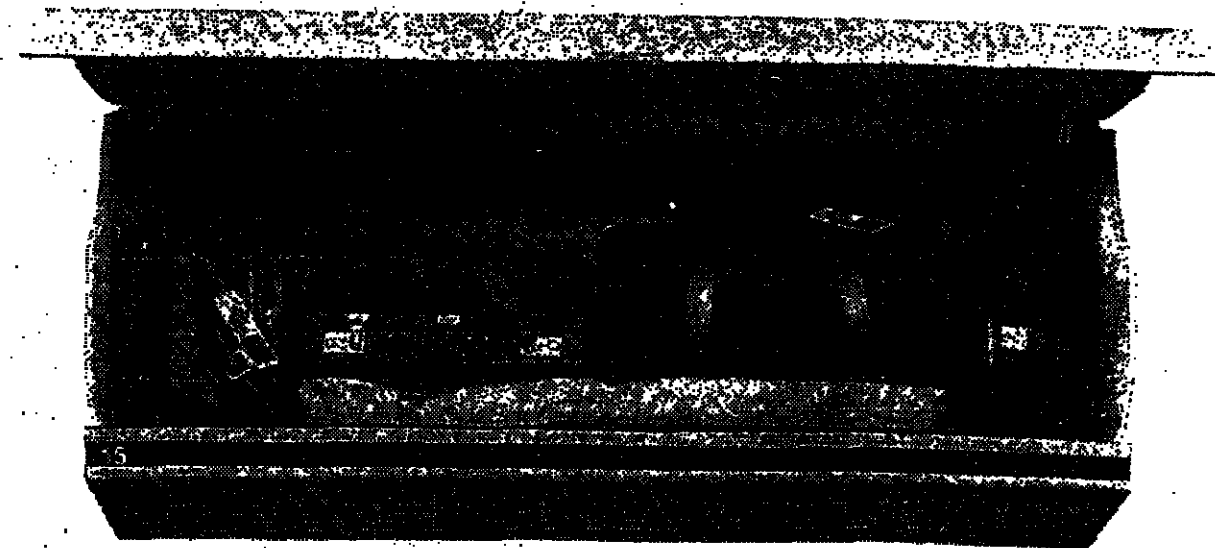
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Buffer ceasefire ends as gunmen launch attack on Israeli forces

From Robert Fisk, Beirut

The tacit ceasefire between Lebanese guerrillas and Israeli occupation troops in southern Lebanon has come to an abrupt end, with Israeli soldiers coming under attack in their new buffer zone and a bomb concealed in a suitcase killing a gunman belonging to Israel's proxy "south Lebanon army" militia together with his wife yesterday.

An Israeli tank is meanwhile reported to have fired six shells at three cars outside the new Israeli enclave, killing a group of Lebanese guerrillas in one of the vehicles.

In several incidents over the past two days, UN troops have become involved in confrontations with SLA militiamen, who are armed and paid by the Israelis. Israeli troops in the Tiri area found themselves facing SLA tank guns, with Israeli army officers standing next to the SLA gunmen.

Elsewhere in the UN zone, gunmen fired 2,000 machine-gun rounds from Israeli's buffer zone at the home of the village sheik in Khirbet Silm.

When UN troops ordered the gunmen to stop firing, one gunman reportedly left the scene and moved with 10 cars filled with SLA men and several Israeli soldiers.

UN Officers are becoming increasingly upset at what they believe is an orchestrated campaign by Israel to persuade UN troops to leave Lebanon.

"If Israel is sincere and really interested in the UN's safety," one UN officer said yesterday, "all it has to do is to tell its militia to be disciplined. After so many years, Israel still wants us to believe that they do not control this militia. But it is 100 per cent."

According to further reports from southern Lebanon yesterday, an Israeli armoured troop carrier was hit by light anti-tank rockets at the edge of the new enclave at al-Qanjarah.

The death of the SLA man, apparently near Hasbaya, occurred when a suitcase carried by a Lebanese woman blew up beside him, killing the woman, the SLA member and his wife.

'Tales of woe' in Bhutto case lead to apology

From Hassan Akhtar, Islamabad

Pakistan's Supreme Court accepted an apology of a former Information Minister in General Zia ul-Haq's Government and by several senior officials of the Information Ministry for having broadcast a series of so-called tales of woe against the late Prime Minister, Zulfikar Bhutto, while he was facing trial on a charge of political murder.

A complaint against Mr Mahmud Azam Farooqi, General Zia's former Information Minister and a leader of the Anti-Bhutto right-wing party, Jamaat-i-Islami, Lieutenant General Mujibur Rahman, a former Information Secretary to the Government and the heads of the official radio and television networks was filed by Maulana Kausa Niazi, who was Mr Bhutto's Information Minister, and Mr Faizyab Ali, a Karachi lawyer. They alleged that the series tended to

Divorce toll

Berne (AFP) - Almost one in three Swiss marriages end in divorce, the Federal Statistics Office says. There were 11,700 divorces in 1983.

Security Council debate

Managua tries to isolate US

From Zoriana Pysariwsky, New York

Debate on the Reagan Administration's decision to impose a trade embargo against Nicaragua continued yesterday in the UN Security Council with the Sandinista Government seeking to build an array of allies and diplomatically isolate the United States.

The action in the Security Council was only one option Nicaragua was pursuing in an effort to exert pressure on the US to rescind the trade sanctions. But it was the one which it was hoped would most clearly and forcefully illuminate international concern.

Senior Javier Chamorro Mora, the representative of Nicaragua, described as paranoid the Reagan Administration's attitude towards the Sandinistas. He said Washington had distorted facts, invented pretexts and constructed sophistries to justify a policy of military and economic coercion

designed to topple those in power in Managua.

Senior Chamorro said that the US had violated the principle of the peaceful settlement of disputes in its dealings with Nicaragua. By imposing economic sanctions it had also violated numerous provisions of the General Agreement on Tariffs and Trade (GATT).

Discussions on the trade embargo are expected to continue into next week when Nicaragua will test support for its case with a resolution condemning the American decision. Although it is expected that the US will veto any measure, the Nicaraguans hope that a strong show of sympathy for their position will be a formidable symbolic demonstration.

The co-ordinating bureau of non-aligned countries has already censured the US, and Nicaragua will be looking for

From time to time the earth gives forth its secrets in Lebanon, and when it does they are always bad.

It was the same on the sand dunes by the Maronite church in Jijeh yesterday. An ancient well choked with corpses, a vault containing the body of a murdered policeman and a clutch of Muslim gunmen all claiming it to be the work of Christians.

Some of the dead had been buried on the sand - there was part of a backbone on the stones there and a lock of dark, long woman's hair. The police-

man's body lay on its back, arms spreadeagled, still in its uniform, the head missing, bones protruding from the trousers. Down the well were a mass of bones and a dead man, tipped upside down into the pit, his legs upwards against the wall.

The village of Jijeh was captured by the Christian Phalangists 13 days ago. Until then, the dunes east of the church had been a Phalangist military area. An American-made tank shell and a litter of Israeli ammunition tins - the Israelis armed the Phalange -

From Robert Fisk, Jijeh, Lebanon

lay near some earth revetments. According to an officer in the Shia Muslim Amal militia, a bird-hunter had smelt the corpses while walking along the beach and noticed that the lid of the well had not been closed.

In the past two years, both Christian Phalangists and Druze militiamen in the hills above Jijeh have engaged in mass kidnappings. Hundreds of these civilian victims have been slaughtered in the Chouf mountains to the east. The mass graves are rarely found.

There were, however, a few clues as to who might have

been responsible for the murders at Jijeh.

The remains of the policeman were identified as those of Tewfik Dakdoukhi, a Sunni Muslim who worked in the gendarmerie at Jijeh but whose home was in the Muslim village of Barja above the coast. Dakdoukhi was kidnapped by Christians two years ago in the local power station.

The Amal officer, who identified himself as Abu Ali, said the man who had been tipped upside down into the well was almost certainly the

husband of a Shia woman who lived near the church. "The Phalange stopped him in his car three weeks ago," he said. "He was never seen again. But when Jijeh was captured last week, the man's identification papers and car papers were found in the pocket of a dead Phalangist militiaman."

In all, perhaps eight bodies were visible down the well shaft. There are, of course, no Christians left now in Jijeh; only their church with its huge, bullet-spattered altar mural depicting St George killing the dragon.

Bulow case doctor tells of prompt

From Trevor Fishlock, New York

In a dramatic turn in the second trial of Claus Von Bulow, a doctor said that prosecution lawyers told him what to say when he gave evidence in the first trial in which Mr Von Bulow was convicted of trying to kill his wife with insulin.

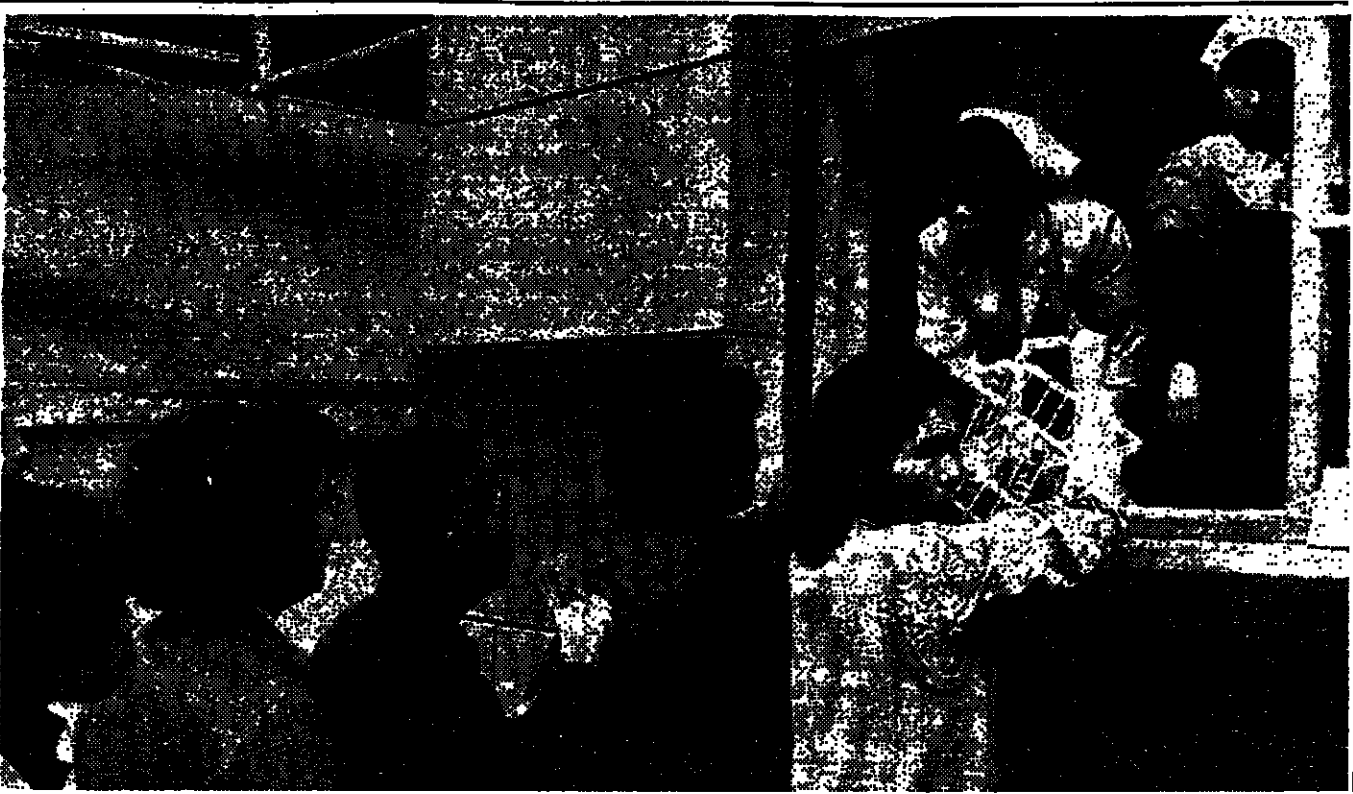
Dr Janis Gailitis insisted that the first of Mrs Martha Von Bulow's two comas, in 1979, was caused, by her inhaling vomit, and was not caused by an insulin injection.

He said that prosecutors in the first trial, in 1982, called on him at home to discuss what he would say on the witness stand and said he should not volunteer his conclusion that Mrs Von Bulow went into a coma after she inhaled vomit.

He said the prosecutors wanted him to stick to a hospital report which referred to low blood sugar levels, a finding that fitted with the prosecution contention that Mrs Von Bulow was injected with insulin.

Mr Von Bulow's lawyers are seeking to have one of the two charges of attempted murder dismissed. At his first trial it was said he wanted his part of his wife's estate and wanted to live with another woman. The conviction was overturned by the Rhode Island Supreme Court.

The second trial is proceeding at Providence, Rhode Island, and Americans are watching excerpts on television. Mrs Von Bulow, heiress to a \$75 million (£62 million) fortune, went into a second coma, considered irreversible, in December 1980.



Price-beaters: Chinese shoppers queue to buy meat in anticipation of 50 per cent price rises in the shops.

Famine victims expelled from Sudan refuge after protest

From Paul Valley, Wad el-Hilew, Sudan

Police and soldiers, armed with guns and camel whips, have evicted 6,000 famine victims from a camp occupied mainly by refugees from Ethiopia, in the east of Sudan.

Children suffering from malnutrition were taken from a therapeutic feeding centre and in-patients were removed from the camp's hospital in the incident, which occurred last week at one of the most isolated camps along the border with Ethiopia.

The expulsion came two days after a group of refugees from Eritrea had surrounded the office of the Sudanese Commissioner of Refugees (COR) at Wad el-Hilew to protest about what they alleged was unfair distribution of international food aid.

The demonstration, by a group of about 300 refugees, was broken up by police after threats to burn down the building. Shortly afterwards the camp manager, Mr Abu Rahel, instructed the COR officers along with armed security officers to confiscate the ration cards of the 6,000 refugees who lived in tents and rag shelters in the centre of the camp. Another 43 families in one sector of the camp were ordered to leave the camp, which had formed a second camp on

population lived also had their cards seized.

Two days later, the 6,000 refugees were forced to leave the camp and the tented area was entirely cleared. About 1,000 were taken by lorry on a six-hour journey to the border town of Kassala, where they were abandoned in the market place, or to villages along the border from which they had walked over the past seven months to the Wad el-Hilew camp.

the desert plains at the edge of Wad el-Hilew.

There they remain, in wretched little triangular shelters of sticks and grass, only three or four feet across. They have no food and only what water they can beg. Inside their shelters hundreds lie, growing weaker, some of the children still wearing the colourful wrist tags which marked out their nutritional needs in the feeding centre from which they were evicted.

"These people are very, very sick. They will die soon if nothing is done," Mr Nichols van Praag, a field officer from the United Nations High Commission for Refugees said. He arrived in Wad el-Hilew this week to investigate the expulsion, which has been reported to UNHCR headquarters in Geneva.

Wad el-Hilew is a resettlement camp of long standing. Its inhabitants are mainly refugees from Eritrea, who have, over a number of years, crossed the border to escape from the civil war with the Ethiopian Government.

Most of them have settled in Sudan on a semi-permanent basis, but eight months ago a new influx of refugees from drought and famine almost doubled the camp's population. In more recent weeks Eritrean settlers from other villages have begun to abandon their settlements and enter the camp.

"The new arrivals lived in the tented area. They were in very poor shape - 45 per cent of the children under five were severely malnourished and most of the deaths in the camp came from that zone," according to Dr Mark Litwov of the American charity, Lelimb.

Later Mr van Praag said: "We are very concerned about this situation and disturbed at the levels of aid reaching some refugees. But unfortunately it does seem to be an isolated incident, not typical of the generous response of the Sudanese to the tens of thousands of refugees entering their country."

Mr Abu Rahel, the camp manager, has been criticized for his administration for some years.

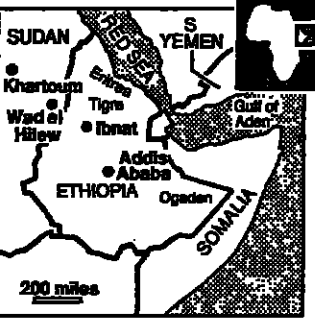
Refugees expected back at Ethiopian camp

Addis Ababa (Reuters).

Thousands of people, dispersed recently from one of Ethiopia's biggest relief camps at Ibat, are expected to return in the next few days, according to Mr Kurt Jansson, the top UN representative here.

Mr Jansson, who visited the camp on Tuesday said he was very impressed by government efforts to provide facilities and supplies for 8,000 to 10,000 famine victims expected to return in the next few days.

An estimated 32,000 left the camp last week and Ethiopia has repeatedly denied reports that force was used to evict them and send them back to their villages.



The remainder were told to disperse on foot. The next day about 2,000 people from the villages of Gecet and Gollush, inside Ethiopia, and from Hamdile on the border were allowed to return to the camp. Several thousand of the rest have formed a second camp on

Cholera spreads to more African countries

From Susan MacDonald, Dakar

A cholera epidemic has broken out in parts of Senegal, according to reports from international aid organisations in the country. An outbreak was reported at the end of last year, which apparently died down after Christmas, but since February doctors working in the field have been receiving daily reports of an increase in cholera cases and deaths.

International aid organizations estimate deaths over the past three months at around 350, but reliable information is scarce in many areas and the real figure is probably far higher.

The main problem in combating the disease, according to aid sources, is that Senegal has maintained a silence over the presence of cholera, referring to it as food poisoning or by its Government file number, 001.

Neighbouring countries, such as Mauritania and Mali, which have also suffered cholera outbreaks in recent months, have made official

requests for drugs and aid which have been speedily provided. The Gambia has made an official request for medical supplies and drugs to help combat an outbreak, should it occur.

It is thought that Senegal's reluctance to admit, even unofficially, the presence of cholera could be linked to its fears for the tourist industry which is a principal income earner.

However, with reports of 30 to 40 deaths a week in some areas, some doctors fear that the disease could become endemic in Senegal.

● NAIROBI: Seventy-two new cholera cases with three deaths were reported by the Somali Health Ministry from the refugee camps in the north-west region, including Hargeisa, according to Radio Mogadishu (AFP reports).

About 2,500 people have died in the epidemic, which broke out at the end of March among Ethiopian refugees.

Hong Kong fears for morale of police force

From David Bonavia, Hong Kong

General Boorman said in an interview with a commercial television channel that the Hong Kong Government would take a decision on the matter in three or four years' time. The issue would be discussed at the diplomatic level by British and Chinese officials, he added.

The general also said that if China stationed army units in Hong Kong after 1997 - as Peking has said it will - they would be of a reasonable size. There is concern here that the morale of the Royal Hong Kong police cannot be maintained in the run-up to 1997 unless they are assured of some form of military or para-military back-up.

The official media here have avoided comment on remarks by Major-General Boorman, the departing commander of British forces, on the need for a special force to back up the Hong Kong police after the territory's transfer to Chinese sovereignty

China food prices rise by half

From Mary Lee, Peking

Peking residents will find shopping for food vastly more expensive from today when state subsidies for more than 1800 items are removed and their prices rise by an average of 50 per cent.

However, to ensure that living standards are maintained, the government is providing all 5.5 million urban residents with monthly subsidy of about £2 each.

Peking's vice-mayor, Mr Han Boping, said yesterday that there was no danger of social instability arising from the price rises, which constitute an important step towards a market economy. For several months now, the country's leaders have been talking about prices as a major component of the current reform of the economic structure.

Mr Deng Xiaoping told Mr New Win the Burmese leader yesterday that the reforms needed courage and that although the first six months of the reforms has been encouraging, the next three years would be decisive.

"Townswellers will have to get used to the idea of paying more for better quality food," he said. "The higher the quality, the higher the price hike," Mr Han said. Oil and grain staple foods, however, do not come under the new price policy.

Compensation can go ahead

Euro-MPs fail to block Britain's budget deal

From Ian Murray, Strasbourg

The European Parliament yesterday all but abandoned attempts to control the compensation Britain receives from the EEC for its high contributions to the EEC budget.

Members gave only lukewarm support to a resolution from their own budget committee, which sought to declare the way Britain is to receive its EEC tax relief "unacceptable".

British Labour and Conservative Members joined forces to vote against it and won support from only 111, while 84 abstained. British members had lobbied hard behind the scenes to persuade the Christian Democrats not to vote and this made it impossible for those trying to block the British deal to win the 218 votes needed.

Even a suggestion in another resolution that the whole matter should be raised again in 1987 failed. The one way in which Parliament is trying to retain an interest in the whole question is by the device of writing a line into the budget for a British rebate and putting no figure at all against it.

In consequence, the way is cleared for Britain to receive its compensation in the form of a reduction in its contributions - a method which totally bypasses the Parliament.

It also means that the long

overdue budget for this year has cleared its last big political hurdle and so should be passed by the Parliament when it meets next month. As expected, members yesterday voted for a budget totalling around £16,400 million, which is £500 million more than member-states say they are prepared to find.

Attempts by the British Labour group to reduce spending on farming and increase the money available to fund school milk and cheap butter schemes were all rejected as the Parliament voted to find the money needed to maintain the common agricultural policy. The Parliament's budget is £1,700 million higher than the present legal ceiling for resources.

The member-states, who will have to find any extra money by a special contribution are only prepared to put up £1,200 million between them.

In the end only the Community's food aid programme looks like running into difficulties this year. Mr Henning Christophersen, the Budget Commissioner, warned members that the Community will have around £50 million less available to help feed the starving than is likely to be needed to provide minimum subsistence for them.

Police yesterday reported an uneasy calm after the worst clashes since Kanak militants began campaigning for independence in November.

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Kanaks quit assembly

Noumea (Reuters) - Seven Kanak independence supporters in New Caledonia's territorial assembly yesterday resigned in protest at violence in which a Kanak youth was shot dead and more than 70 people injured.

Their departure leaves the French Pacific territory's as-

sembly in the hands of the anti-independence group, dominated by white settlers.

THE ARTS

Cinema

Wajda's marvellous grasp of history and humanity

A Love in Germany (15)

Lumière

A Funny Dirty Little War (18)

ICA Cinema

Starman (PG)

Leicester Square Theatre

Mata Hari (18)

Classic Oxford Street

Sheena (PG)

Classic Oxford Street

"I'll shout 'Long live Poland!'" proclaims Stanislaw, the unfortunate prisoner-of-war in Andrzej Wajda's *A Love in Germany*, en route to his own execution after falling in love with the greengrocer's wife, Rolf. Hochhuth's novel about human passions versus Nazi bureaucracy may have been filmed in Germany, but the drama's contemporary Polish reverberations are obvious: as with *Danton*, similarly made in exile, Wajda explores the past only to excavate the same twists and turns of human history that currently torture his native country.

The film is stocked, moreover, with *cinéma* talent. Stanislaw, the callow soldier employed in the village as forced labour, is played by Piotr Lysak, recently a psychology student in Canada. Daniel Olbrychski, whose Wajda connections stretch back to the Sixties, appears as a fellow prisoner. Boleslaw Michalek and Agnieszka Holland, equally familiar Wajda collaborators, worked on the script, while the greengrocer's wife is played by Fassbinder's siren Hanna Schygulla, born in Upper Silesia.

The contemporary world, in fact, forms part of the film's structure: we begin in 1983 with the narrator on a train, starting his investigative journey into the village's past. Wajda periodically yanks us back and forth between time-periods in an attempt to convey the flow of history and the residue of memory and guilt. But his time-juggling techniques bring fewer of the dividends spectacularly reaped in *Man of Marble* and *Man of Iron*. *A Love in Germany* impresses instead through simpler, more conventional methods: the scrupulous depiction of ordinary German life in wartime; the presentation of a stealthy narrative that ultimately coils round the spectator like a python.

The film has been shortened by 25 minutes since its premiere at the 1983 Venice Festival, but the narrative's grip still takes time to be felt. At first we just sit there, lulled by the bucolic landscapes, intrigued by the swastika-decorated lollipops and hairpins, and slightly irritated by the way the low affair seems lifted from a textbook: the correct moves are all present, but not the inner conviction. (For this, some blame must fall on Schygulla, too glumous to convey the required repression and downiness.) But once Stanislaw gets arrested the film changes gear, and the narrative weight shifts on to the local officials — particularly the stormtrooper Mayer, assertively played by Armin Müller-Stahl.

The documentary evidence within Hochhuth's novel now starts to surface. We learn the bizarre, chilling chapter and verse of Nazi law: prisoners must be shot only by their compatriots, who are entitled to a reward of three cigarettes;

coffins are only granted if three or more are executed together. Scenes become shot through with the dark comedy of human frailties: by the end the spectator should be as unnerved and vulnerable as Schygulla when she peers through a window in detention, standing on a bucket which is suddenly pulled away.

A Love in Germany may finally miss the passion and precision of Wajda's very best films, but it remains the work of a master director, stamped with his unique grasp of history and humanity.

Hector Olivera's *A Funny Dirty Little War* — the first Argentinian film to receive a commercial release in Britain — treats human behaviour in wartime with rather less subtlety. In 1974, during the dying months of the Peron regime, attempts to oust a deputy mayor plunge a small rural town into an orgy of corruption and violence: most of the visible population become splattered with bullets, insecticide, excrement or all three. The film's broad strokes are partly dictated by commercial strategy: working within an industry that gingerly avoids modern political subjects, Olivera necessarily sugarcoats his pill with lowbrow buffoonery and popular local comedians. There is no accounting for funny-bones, of course, but it seems probable that British audiences will cherish the film less for its jokes than for the angry and spirited spectacle of a town and government bent on self-destruction.

Among recent Hollywood fantasies, John Carpenter's *Starman* stands out for its refusal to let gadgetry trample over human interest. For once the true stars of the film are not the employees of George Lucas's special effects factory, but the characters who inhabit it. They are the stars as billed: Jeff Bridges — his bland, taciturn persona put to excellent use as a bemused alien on a recess; and

Karen Allen, who progresses nicely from uncomprehending fright (Bridges has assumed the physical form of her late husband) to deep affection. Yet against these virtues we are forced to place a little stack of vices: the unenterprising story, conceived by either a computer or a magpie; the excessive length; the fuzziness of key plot-points (we are never precisely told why the starman is visiting earth, or why, indeed, he must leave so soon).

The film also puts into melancholy relief the entire career of its director, whose debut feature *Dark Star* is directly echoed in the use of period lingo and pop songs. Ten years ago, Carpenter's low-budget films were crisp, quirky marvels, pulling Hollywood genres inside-out; now, secure within Hollywood's bosom, he lazily accepts the genres at face value.

The Cannon production of *Mata Hari*, starring Sylvia Kristel, performs a similar disservice for its own director, Curtis Harrington. His first commercial feature, made in the Sixties, maintained discreet allegiance to his origins in American underground cinema, to his passion for Cocteau and Sternberg. But years of compromise have taken their toll: given a story that cries out for high style, Harrington can only offer a stale procession of shots. True, circumstances were unfavourable. The parsimonious budget forced all the action —



Hanna Schygulla, not quite the image of repression and downiness, with Piotr Lysak as Stanislaw in *A Love in Germany*

whether in Paris, Berlin or Madrid — to unfold in the same lordly Budapest buildings; and the star does not help. When Carbo or Dietrich played women spies, they seemed dangerous, erotic witches; gaze upon Sylvia Kristel and all you see is a blank, pretty face.

The blank face at the centre of *Sheena* belongs to Tanya Roberts, a graduate of *Charlie's Angels*. As a pin-up jungle queen with a penchant for bathing, she is very well cast, but her steam-roller delivery obliterates the script's camp humour. John Guillermin's direction does likewise. The end result is tawdry, juvenile and dire.

Geoff Brown

The record industry's centenary tributes to Alban Berg — portrayed (right) at the age of 25 by Arnold Schoenberg — throw particular light on unpublished early music: review by Paul Griffiths

All components of a rich solar system

Berg: Published works. Various artists. DG 413 797-1 (10 records).

Berg: Early songs. Fischer-Dieskau, Reimann. EMI EL 27 0195 1.

The centenary sound of 1985 is that of folding cardboard as companies rush to honour the dead by re-boxing old records. In the case of Deutsche Grammophon's Berg box, though, there is some point to the exercise, since DG has an enviable catalogue of Berg recordings, and putting all the works together does make one realize something important about his output: its compactness, of course (there are only a dozen major works), but also its singularity as well as its rich density of fascination. The works hang together as components of a solar system, held by the gravity of musical and expressive cross-reference. Nor is it just that the two operas dominate works written around them; they also seem like fulfilments of what is implicit in everything Berg wrote, which is the desperate thirst for emotional meaning in a world cracking up.

Here the operas are represented by the classic recordings conducted by Karl Böhm, both with Evelyn Lear and Dietrich Fischer-Dieskau in the central parts. There are other classics too: Karajan's version of the Op. 6 pieces, Boulez conducting Barenboim and Zukerman in the Chamber Concerto, Margaret Price singing for Abbado in the *Altenberglieder* and the song from the *Lulu* suite. Only the Seven Early Songs (in both versions), three other works with piano and *Der Wein* needed to be added.

These additions, though, are variable. Margaret Marshall, accompanied by Geoffrey Parsons in the piano songs, is quite beautiful. She has a perfect voice for Berg, combining radiance with a trembling freshness, high artistry with the scent of the voice as a natural instrument of feeling. Her colleagues in the orchestral songs, however, are less well chosen, and it is hard to avoid the suspicion that DG have simply recorded for the handiest radio recordings.

What is less excusable is the decision to include Böhm's



Lulu, excellent though it is, instead of the Boulez recording, which alone includes the third act. This is a serious omission — so serious that one may not notice that two other items are also missing from what purports to be a complete collection of the published works: a set of piano variations and a canon for the Frankfurt Opera House.

As for the unpublished works, it has long been known that Berg left several dozen early songs, but these have been withheld from performance until now. Fischer-Dieskau's new record includes 22 of them, and rather suggests that the decision to be a complete collection of the published works is a marketing ploy, which constitutes American orchestral life, this is the year for us to discover what it is.

The spirit of St Louis was doubtless fortified by the two speeches, two national anthems and message of support from President Reagan which preceded the evening's main business. It needed to be, for Leonard Bernstein's 1946 "chorographic essay" *Facsimile*, an unsettling, edgy score mixing

The distinctly non-adult character of much on this record makes it rather inappropriate that Fischer-Dieskau should be the singer: one wants a young voice, able to rush at the indiscretions of a composer in his teens and early twenties. Fischer-Dieskau, quite apart from his difficulty with expansive melodic phrases these days, inevitably invites one to hear him as a voice of matured wisdom, which he cannot be. One should listen rather to his Wozzeck and Schön in the DG box, or perhaps most of all to his performance there of the sleeper's monodrama, the Op. 2 songs.

Orlando

Theatre Royal, Glasgow

I know it is not easy to keep in one's head every detail of all those Handel operas, but still I feel I ought to have remembered the one about Florence Nightingale and the blind waiter. You know: it's the one that takes place in the Hall of Mirrors at Versailles where Bismarck or somebody has tried to plant a forest of silver birches, and there are those four gymnasts climbing up the wall bars, and that madman keeps going around pretending to be Frederick the Great while the disco dancers dress up in nineteenth-century underwear.

But hold on. Perhaps like the maddened Orlando I am beginning to mistake appearance for reality, and to credit Handel with the inventions of his Scottish Opera producer Christopher Fettes.

It is, after all, the trap into which Mr Fettes himself has fallen in his approach to the piece. Discovering, in what is apparently his first work for the

opera house, that people sing of powerful feelings, he has tried to fix some reality for those emotions. If Orlando rants insanely, then he has to be in a lunatic asylum. Never mind the bathos, feel the truth.

It is of course a disastrous principle and it is responsible for most of the absurdities in this violently ill-judged production. Either the characters and situations are sentimentalized because the emotions expressed are taken for real, or else some external madness is brought on to explain why they carry on so.

Having served as an army surgeon at the end of the Second World War, Mr Fettes has some right to see the martial impulse as pathological, but he weakens his own theme in trying to graft it on to Handel's opera. *Orlando* is about other things. It is principally about singing, and Glasgow audiences are fortunate to be able to hear, albeit amid the strait-jacket and the hospital beds, two excellent performances and three more that are creditable.

In the title role James Bowman has most to fight against as far as the production

Opera

is concerned, but he uses Orlando's expressions of pure love and insanity to show off a secure, even at times thrilling command of the Handelian phrase. His single-note crescendos and his expressive flatnesses make him making him the Dame Janet Baker of counter-tenors, but his tone is strong enough to bear up against all the pathos. Also very fine is the Dorinda of Lilian Watson, who deals neatly with the production by disengaging herself from it even when she has to go around the ward depositing medical charts on bedposts. She is vibrant and vital, a fresh-voiced singing girl in a gallery of phantoms.

Timothy Wilson as the second counter-tenor has an even brightness which contrasts well with Mr Bowman's more plangent manner. Eiddwen Harthly is reliable as Angelica, except when the intervals are wide and Stephen Varcoe provides a humane bass. Richard Hickox conducts with his usual colourful mix of luxury and nobility.

Paul Griffiths

Concert

St Louis SO/Slatkin

Festival Hall/Radio 3

The Chicago Symphony Orchestra visited London in January; now the St Louis launches the wide-ranging American Festival, spread between London, Cardiff and Glasgow. The Dallas and New York orchestras appear imminently. If there is any stylistic or technical trait common to the top bands in that vast pyramid of music management and marketing which constitutes American orchestral life, this is the year for us to discover what it is.

The spirit of St Louis was doubtless fortified by the two speeches, two national anthems and message of support from President Reagan which preceded the evening's main business. It needed to be, for Leonard Bernstein's 1946 "chorographic essay" *Facsimile*, an unsettling, edgy score mixing

whimsical lyricism with brasher jazz elements, seemed an odd choice to quell butterflies in an orchestra making its London debut. There were some strange balances here, and the faster dances lacked the requisite tautness.

Absolute precision, in the Chicago sense, is not, however, a dominant impression of the St Louis sound. The atmosphere is more relaxed, especially when nurtured by the genial melodies of Dvořák's Symphony No. 8. Here, in the slow introductions to the outer movements, one could admire a string sound that is suave and heavyweight (with cellos and basses, in particular, possessing a formidable tubiness).

Trumpets and horns have the kind of bright, ringing virtuosity which reveals in this finale's fireworks, and the contrasting warmth of the trombone blend, at the symphony's outset, was impressive. Only the woodwind sounded a little characterless.

and at times (notably in the finale's infamous flute solo) slightly underpowered.

Leonard Slatkin is a rare species: an American in charge of a major American orchestra. He focused on some unusual background detail, and his basic pacing was sensible (very broad in the scherzo, for instance, to show off his strings) although his elaborate fluctuations within movements sometimes seemed mannered and too sentimental.

He also shadowed Isaac Stern well in Mendelssohn's Violin Concerto, especially in the first movement where Stern shaped the quavers artfully, lingering rhapsodically over the barlines.

The faster passage-work and double-stoppings were not always as controlled as Stern would have liked, and the odd note was tuned unconventionally, but in the Andante that familiar, sweet tone and some eloquent phrasing provided rich compensation.

Richard Morrison

Dance

Moving Visions

Oval Arts Centre

Steele provided most of the choreography. They hold joint responsibility for the major item on the programme, *Waiting in the Wasteland*, which claims to draw its inspiration from T.S. Eliot. Lawrence Ferlingetti and Samuel Beckett. It also features slides of the statue of Gandhi in Tavistock Square, and some rather handsome gasometers.

The ballet falls into seven sections, each prefaced in the programme by a quotation. A programme note speaks about various types of wastelands — personal and social — and four of the five dancers wear elegantly ragged costumes. But, apart from a general feeling of angst and isolation, I could detect no really strong theme in the ballet, though there was

some attractive movement. The first half of the programme was made up of shorter items, including a solo made for McKim by Kenneth MacMillan. This was chiefly notable for the fluidity of the dancing and the complex rhythms the choreographer has found in an apparently simple piece of music by Telemann.

McKim was the choreographer of the only other item in which he appeared — *The Thrill is Gone*, in which he and Kathy Rylands were involved: with two chairs and a Relationship. It was an evening full of good intentions, and with some decent dancing, but sadly lacking in both contrast and substance.

Judith Cruickshank

Television

Shocking symptoms

"He touched me up", said the 11-year-old girl, fiddling with her pony tails. "Just between the legs." She was telling a psychiatrist about the first time an adult had assaulted her. She had been six. So, under Denis Tuohy's sober presentation, began a report by TV Eye (Thames) on the sexual abuse of children — one in 10 of whom have physical contact with adults before puberty. It was a disturbing programme, one which seemed as much stunned as incensed by the enormity of what it uncovered.

Last March in south Leeds, the police stumbled on a ring of under-aged girls who, in return for money, cigarettes and sweets, were sexually involved with local men. One 11-year-old had intercourse four times a week with a man of 45. Another, aged nine, slept with three men who paid her £5 a time to recruit other girls. Further investigation revealed that much of this abuse had begun at home.

After describing one encounter, a girl was asked how she got to know that person. "It were me brother", she said meekly. Then there was the case of the mother whose two-year-old was abused by a boyfriend "she

thought she could trust". And the case of the two-year-old with gonorrhoea. And so on.

TV Eye failed to secure an interview with any of the guilty men, which is a pity since the sorry picture that emerged was not best described by the victims, nor adequately explained by those attempting to cure them. Psychiatrists posing questions to a group of five girls elicited muted, uncomprehending answers.

"Yes", whispered one when asked if she was angry. How had she been persuaded to go with the man? "Dunno. Just went." It was left to the mother of the girl with pony tails to describe her internal bruises.

The victims were interviewed anonymously and needed subtitles. We saw only their backs and their legs and their red terraced houses. By implication, they were the backs and the legs of any girl in Britain for, despite its roughness, TV Eye did make it harrowingly clear last night that what is happening in south Leeds is symptomatic — not exceptional.

Nicholas Shakespeare

Theatre

Piano Play

Falcon

Following Hervé Kaiser's *Blood Sport* last month, here is another high-flying product of the young German-speaking stage that reaches London in the form of a lead balloon.

Getting off to a lively opening night in Hamburg in 1981 (when its director and publisher came to be), and then moving on to other stages and other media, Frederike Roth's *Klavierspiel* tells of the struggles of a young choral singer to get rid of the piano on which her lover used to accompany her before he went back to his wife.

As Miss Roth tells the story, most of the salient facts emerge only towards the end, after you have abandoned hope of learning why the unnamed heroine is drinking so much, haunting late-night bars and periodically muttering "I'll get rid of this piano once and for all" through gritted teeth. The idea, presumably, is to displace her obsession from the man to the instrument, so as to involve the spectator in the delusions of solitude and to

show a woman "breaking open" (her own phrase) by pursuing her own fantasies and nightmares to the exclusion of external reality.

In German, perhaps it packs an expressionist punch which has hit a rock in English translation. Soliloquizing on an imaginary mountain-top, the heroine tells one of the spectators "Better keep off peaks, luvvie, your mucous membranes aren't made for peaks". Even below this rhapsodic level, the queue of potential piano buyers, her dialogue is such as to cause blinks of disbelief. The one clear point that does appear is the contradiction of the heroine's abject dependence on a casual male partner in an intended fable of feminist self-sufficiency.

Christa Van Raalte's production (for the 51% Company) contains an appealing but emotionally incoherent lead performance from Esther Freud, some hard-pressed doubling by John Elmgreen and strenuous grunting from a group of basement grotesques.

Irving Wardle

Ubu and the Clowns

Gardner Arts Centre, Brighton

The tranquil pastures of Sussex University play host, briefly, to the rumbustious absurdities of Jarry's *Ubu enchaîné*. Next week the Actors' Touring Company bring their work to the Waterman's Arts Centre, Brentford.

As part of the Brighton Festival's concern with clowns and clowning, this performance provides a useful bridge between straight knockabout and what used to be called the Theatre of Ideas. Of course, being Jarry's, the ideas involved are resolutely of the nursery type, deriving from the infantile gaudy of adult manners and dealing largely with the anal elements in power relationships. Like *Ubu Roi* before it, the piece starts nowhere and goes nowhere else, but does still provide "spasmodic entertainment". As with a forward but perceptibly creative child, one feels inclined to pat the thing on its head and say "charming" — and still only 1890s.

At the play's inception, Ma

and Pa Ubu have been ousted from their cushy number as King and Queen of Poland. Like a pantomime ogre who capriciously decides he is fed up with being ogreish, the former monarch resolves to become a slave. He applies to join the ranks of the Free Men, a communistic militia whose chief burden is to obey the dictates of the new Freedom Training Manual — or to disobey them, since their instructions enshrine the principle of insubordination above all else. The joke works a little thin with repetition, but the new recruit is a splendid figure with his false nose and spectacles and gross body-paddling, shouldering a yard-long lavatory brush. He subsequently becomes a tyrannical domestic, a Machiavellian prisoner who has to be thrown out of jail and finally (this dream come true) a galley slave.

In John Retallack's vigorous production, Chris Barnes dominates the stage as the bombastic corrupter of ideals, with ample support from Alison Peebles, as his doting better half, and from David Tysall.

Martin Cropper

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Unsticking the traffic jam

Hold-ups on Britain's roads cost £3 per car per hour - and they are about to get worse, as ageing motorways are resurfaced this year.

Peter McHugh reports on the technical advances that may get us back into the fast lane

Last weekend millions of Britons embarked on the May Bank Holiday prepared to suffer its inevitable partner, the traffic jam. Temperatures - and radiators - boiled over, accidents occurred and as much as £4 million was added to the national debt.

On Wednesday the Government warned of the possibility of the worst ever motorway jams during repairs to the M1 this summer. The Transport Minister, Mrs Lynda Chalker, admitted that tailbacks could build up at a rate of 10-miles-an-hour if a breakdown occurred. Easter Bank Holiday's notorious 40-mile-long traffic jam cost £100,000 alone, but the hundreds of minor varieties of jam in our daily diet of traffic congestion may cost the country as much as £4 billion each year.

Ever since Roman times, our roads have been unable to keep up with the traffic volume. Successive governments since the Emperor Hadrian have consistently underestimated demand. The present Government admitted last December that it too had got its sums wrong about projected traffic growth between now and the end of the century. The 16 million cars already on Britain's roads account for some 80 per cent of all vehicles. Latest estimates predict at least another 4 million cars and possibly as many as 8 million by the year 2000.

The number and, as important, the conditions of our roads, weight of heavy goods vehicles is also rising. Heavy goods traffic in the Dover area alone has increased a thousandfold since 1970. It is this dramatic, and unforeseen, increase in all types of traffic which has placed an unbearable strain on our roads and motorways. At present as much as 80 miles of motorway are blocked off for one reason or another. Those built 25 years ago to last a lifetime can no longer cope with traffic weight and volume. This year alone the Government will spend £140 million on motorway maintenance.

Today's motorway chaos is only a drop in the ocean of daily frustration felt by drivers. Only 11 per cent of

our traffic is actually on motorways; the main battle for most motorists is to and from work, shopping and schools.

According to the Transport and Road Research Laboratory, an arm of the Department of Transport, more than half the time spent travelling in towns is wasted by congestion. We travel at an average speed of 20km-an-hour during rush hours and twice that speed during the rest of the day. That means that at any one time during a working day 50,000 to 100,000 vehicles are waiting in queues at traffic lights. The result is a waste of petrol in Britain alone of up to 220,000 gallons as well as enormous costs in wasted time, and atmospheric and environmental pollution.

The Government is looking to the Transport and Road Research Laboratory at Crowthorne, Berkshire, to try to sort out these massive traffic problems with a £20 million budget aimed at practical research. From TRRL came the wheel clamp.

In most towns queues are a fact of life

the bus lane, the mini-roundabout and that invention beloved of motorway drivers, the contraflow system.

Dennis Robertson is head of the laboratory's traffic engineering department and he admits that we do have, and will have, serious problems: "In most towns, bottlenecks and queues are a routine fact of life and travellers have to spend nearly as much time stationary in queues as they do moving to their destinations."

"At any instant during a typical working day, the queues in British towns total several tens of thousands of vehicles. In economic terms, the cost to the nation is about £1 billion every year."

According to Robertson, if we add



in traffic congestion elsewhere in towns, the cost of accidents at junctions, delays caused by bad road design and drivers taking longer routes than necessary, that £1 billion figure can be quadrupled.

"Putting it simply, you get traffic jams because a junction built to handle a traffic flow of 1,000 vehicles an hour is being asked to handle 1,200."

Twenty years ago the laboratory, desperate to stay ahead of the game, transferred to computers that main control of traffic flows, the traffic light. A system called Transyt - Traffic Network Study Tool - the brainchild of Dennis Robertson, was installed in most of our major cities to operate the timings of lights to take account of rush hours. The timings were set after days were spent counting the volume of traffic.

The perfected system, costing from £250,000 upwards, sold around the country and around the world. The Chinese are trying it currently with their bicycle traffic in Peking. From its inception the savings from Transyt were substantial: controlled bus lanes cut journey times by 10 per cent without affecting traffic elsewhere. Attaching central Glasgow's 91 signals to a computer reduced fuel wastage by an estimated 10 per cent, worth £300,000 a year to that city and implying a possible countryside saving of £20m.

"We believe that if a Transyt system costs you £500,000 you will get that money back in benefits to

the community within a year or so," says Dennis Robertson.

At New Scotland Yard on a busy Monday morning traffic control of one of the world's busiest cities is in the hands of half a dozen policemen staring intently at visual display units and television screens. The Metropolitan Police are the only force in the country to run a traffic system. Although owned by the GLC, the Transyt system for the capital is located inside the control room which administers the rest of London's police business. The rush hours - morning, lunchtime and early evening - are controlled by a series of programmes. The computer has the ability to warn the control room when a traffic signal fails.

The men at New Scotland Yard were unanimous when asked the cause of the capital's traffic jams: bad parking and too much traffic.

Dennis Robertson says: "The trouble is that all we have done with new technology is match the growth in traffic. We are running just to stand still."

The sums for Mr Robertson and his TRRL colleagues are quite simple. Standard figures on depreciation on vehicles and the value of drivers' time has allowed them to establish a congestion cost of £3 a vehicle hour. "In other words if you tie up an average vehicle in a queue for an hour or 60 vehicles for a minute, the Department of Transport calculates it costs the nation £3", he says.

We are nourishing a monster and we love him

In 1963 Professor Colin Buchanan's Government-sponsored report "Traffic in Towns" proposed the revolutionary theory that traffic should be made to fit in with towns and not the other way around. In a foreword to the report a colleague, Geoffrey Crowther, wrote: "We are nourishing at immense cost a monster of great potential destructiveness. And we love him dearly."

Twenty years on Sir Colin says: "We were really high minded about the effects of traffic but we underestimated the quirky, contrary way the British public feel about their cars. The truth is they have such an emotional attachment to them that they are prepared to ignore almost anything, traffic jams or pollution."

Dennis Robertson is slightly less gloomy: "I don't believe traffic will ever grind to a halt because people just won't tolerate it. They are very clever at adapting their life style to accommodate problems."

For the immediate future TRRL have already designed an "intelligent" version of Transyt called Scoot - Split Cycle and Offset Optimising Technique - in seven British cities. Built by Pye, Ferranti and GEC, it is the system for the 1990s and beyond.

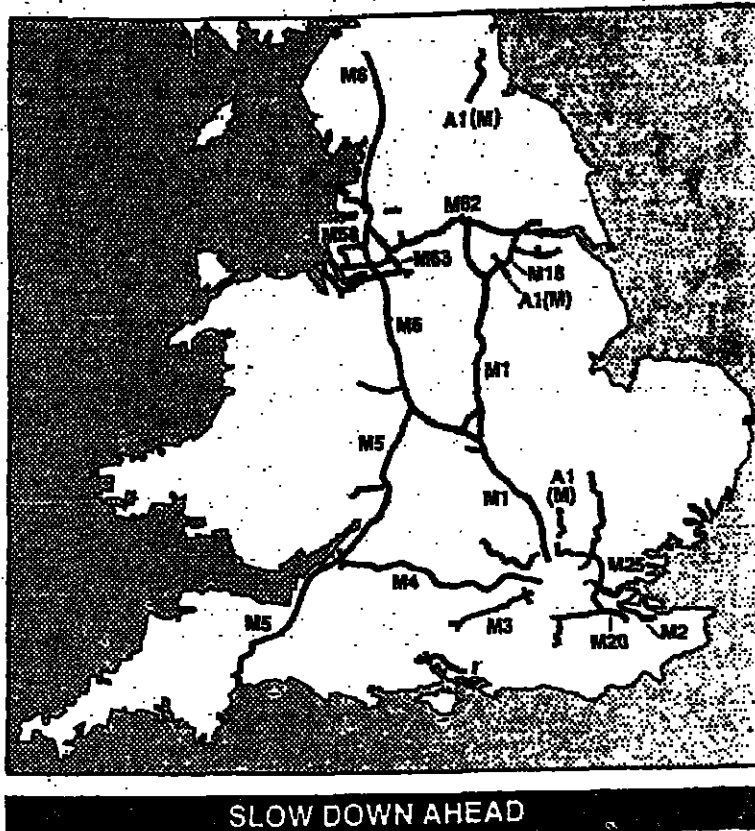
Using a system of wire loops buried in roads which detect traffic movements, Scoot can estimate traffic volume directly (Transyt depends on historic data) and adjust traffic light timings accordingly. Surveys of the system in Glasgow and Coventry show that traffic queues, and therefore jams, can be cut by about 20 per cent. Maidstone, Southampton, Cambridge and London have installed them, and more are to follow. Similar loops on the M1 are now being used to detect traffic holdups, including accidents and can be linked to detectors measuring changes in temperature or visibility. Motorway multiple crashes like that on the M25 last December which killed nine people, could be avoided.

Dennis Robertson revealed that TRRL are working on methods of using the computer system to cut delays. One way could be to use the national radio network to broadcast regular traffic reports, probably via a cellular receiver attached to a car radio. He expects to see, possibly within six years, a self-contained system using voice synthesizers to guide drivers around the bottlenecks, jams, roadworks and accidents.

"Work is already going on on a dead reckoning system for cars. Assuming you know where you are and where you are going the electronic map will choose the best route."

A perfect system of route guidance could save as much as £1 billion a year according to TRRL experts but it will involve spending at least £200m to extend the Scoot wire loops system to most roads. "The kit in the car would cost the motorist more than £1,000 at the moment, obviously good value for the business user. The speed of technological advance means that prices will fall."

The day is still far in the future when you can climb in your car, tell it where you want to go, fold your arms, lie back and it will take you. But at TRRL, they're working on it.

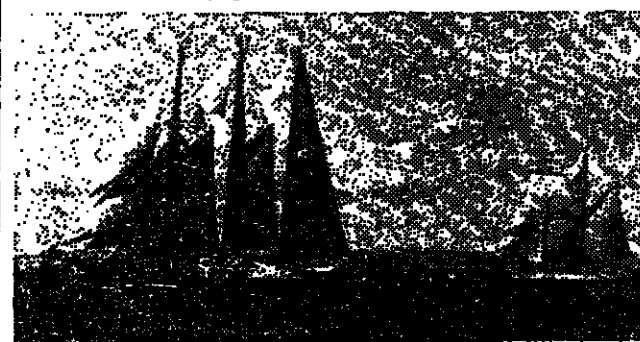


ROAD	COUNTY	LOCATION OF WORKS/JUNCTIONS	DATES
M1	Hertfordshire	6	June-July
	Buckinghamshire	14	July-Sept
	Northamptonshire	16-18	Feb-Nov
	Leicestershire	20-21	Sept-Nov
	Derbyshire	25-26	April-June
	South Yorkshire	32-35	May-Oct
M2	Kent	5-7	July-Oct
M3	Surrey	Sunbury X J1	July 84-Oct 85
M4	Berkshire	10-11	April-July
	Wiltshire	15-17	April-May
	Avon	J22 New Hse I/C	April-May
	West Midlands	Sewern & Wye Bridge	April-May
M5	Hereford & Worcester	2-3	June-Sept (12 wks)
	Gloucestershire	3-4	April-May (5 wks)
	Avon	12-14	April-July
	Somerset	16-17	April-May
	Devon	24-25	April-May (approx)
	Warwickshire	26-29	April-May
M6	Warwickshire	1 & 4	Sept-Oct (6 wks)
	Warwickshire	3-4 (Corley MSA)	May-Sept
	West Midlands	4-5	Sept-Oct (8 wks)
	Staffordshire	15-16	June-July (6 wks)
	Cheshire	20-21	Feb-July
	Cheshire	Thelwall Viaduct	March-Oct
	Lancashire	32-33	March-July
	Cumbria	39-40	May-July
	Cumbria	41-43	March-July
M18	Humber	6-M82	July-Dec
M20	Kent	7-8	April-Oct
M25	Hertfordshire	A1(M)-A111	May-Aug
M58	Lancashire	4-M6	June-July
M62	Merseyside	7-8 nr J9	Sept-Dec-one
	Merseyside	7-8 nr J7	Sept-Dec-one
	Cheshire	10-C/B	June-Oct
	Gtr Manchester	18-19	July-Oct
	West Yorks	24-25	April-Oct
	West Yorks	32-33	May-Oct
M63	Gtr Manchester	7-8	April-Aug
A1(M)	Hertfordshire	Stevenson	July-Oct
	South Yorkshire	Blythe (S/bound)	June-Sept

SATURDAY

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Gilbert and George give a Broadway performance

On the pavement outside New York's Guggenheim Museum two boys are perfecting poses, bodies poker straight, faces deadpan masks. They are practising being Living Sculpture, mimicking the attitudes assumed by the British artists Gilbert and George who have a retrospective exhibition in the museum.

As an export, Gilbert and George are inimitable, their skillfully manoeuvred campaign to forge a new art has progressed a long way from their symbolic beginnings. They used to present the singing sculpture "Underneath the Arches" beneath a London railway viaduct in the late 1960s.

The Guggenheim is the last stop for the touring retrospective, which originated at the Baltimore Museum of Art in early 1984 - a rare privilege for artists younger than the Pop generation and rarer still for foreigners. At the same time, the pair have new works on show in SoHo at the Sonnabend Gallery, Broadway.

Spilling down the white ramps of Frank Lloyd Wright's futuristic gallery in a kaleidoscope effect, the impact is somewhere between the rich polychromy of a Victorian church and the brash fantasy land of Disney and billboard advertising. Although Gilbert and George have worked in many media, the retrospective is devoted to the photo-piece. This is a form they began to experiment with in 1971 and now represents most of their output.

In a powerful installation designed by the artists, 67 works (a much reduced extract, as they



Winter flowers, a composition of 20 hand-coloured photographs, by Gilbert and George

estimate they have made some 600 or 700 photo-pieces) are arranged chronologically so that they unravel like the storyboard of a film. There is the spartan realism of the first black and white pieces, geometrically composed and bound by the grid system of the individual panels; then the beginnings of symbolic colour: first red (the "colour of desperation") and natural forms. It moves from oriental compositions of branches and blossom, and crudely emblematic photographs with their comically bold sexual imagery, to the wild artificial

Morgan. Their house in London's Fournier Street is filled with rich silks and tapestries, oriental furniture and pots. These are covered with metallic glazes and wild colours and have surfaces crawling with bizarre animal and plant forms.

At the Guggenheim, the impression of an animated narrative is reinforced by the constant presence of the artists. Like characters in a cartoon, they always appear to be the same, neat-suited, staid figures. Confronting the world with the assured detachment and permanent inscrutability of the dandy, they explore behind the facade of modern life, exposing what they consider to be the charged core: forces of good and evil, sex and religion, extremes of mental states.

Sometimes they use themselves as models, caricaturing moods: reeling drunkenly in "Bad Thoughts", posing moodily in "Black Day", contorting their faces into grotesque, gargoyle-like "Hellish". Sometimes they employ a cast of symbolic characters: the ravaged face of a tramp blown up to a vast scale and titled "Mad", a bronze soldier as "Hero" and especially the young boys who have become the stars of the recent works. Photographed naked or clothed, the boys appear vulnerable and stripped of pretensions as the artists' ideal image of youth and vitality.

Gilbert and George emerge in the real world surrounded by images of urban squalor and the pomp of power. In the recent works they exist in an imaginary land. They show the way like missionaries through the vast allegorical composition "Life without End" composed

as stained glass; or they parade through their own fantasies - admirers and guardians of the angelic youth and butch heroes, cardboard cut-outs strolling through a film set.

From the beginning, Gilbert and George have courted confrontation, aiming to shock the audience out of complacency. In England, critics are still reeling from the celebration of homosexuality, and debating the attitudes behind the "dirty words" series emblazoned with graffiti.

In New York, the reception seemed far more blasé: at a dinner to celebrate the opening of the exhibition, collectors, lenders and art world moguls - the uptown wealthy as opposed to the upmarket mobile - dined in tremendous style before a backdrop of "Communism" and "Queer".

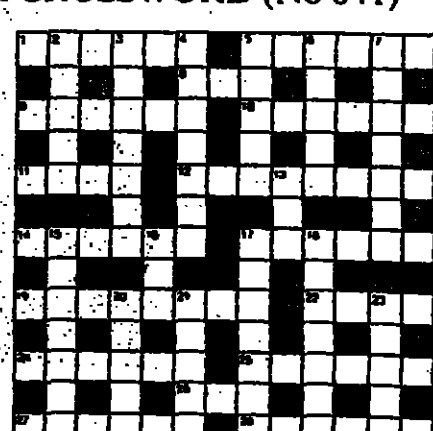
The corporate sponsor behind the show, "Best Product" - aptly named from the artists' point of view - advertised it with brochures stuffed in every shopping bag, and in West Palm Beach, Florida, billboards heralded their arrival.

Jane Withers

Solomon R Guggenheim Museum
until June 16
Sonnabend Gallery, 420 West
Broadway until June 1.

CONCISE CROSSWORD (No 641)

- ACROSS
1 Frightens (6)
5 Proverbial example (6)
8 As well (3)
9 Idler (6)
10 Sign journey (3,3)
11 Sign behind (4)
12 Paralytic (4)
14 Agree to (6)
17 Minister (6)
19 Memory aid (8)
22 Desert (4)
24 Believe (6)
25 Relax (6)
26 Motor (3)
27 Sain (6)
28 Existence (6)



- DOWN
2 Church singers (5)
3 Fugitive (7)
4 Unusual (7)
5 Chest (5)
6 Odin (5)
7 Rejects (7)

- 13 Drinks counter (3)
15 Principal (7)
16 Duet (11)
17 Photo (7)

SOLUTION TO No 640

ACROSS: 8 Inconscient 9 Lea 10 Effortful 11 Tread 13 Destroy
16 Swigged 19 Amuse 22 Retriever 24 RAC 25 Victoria Cross
DOWN: 1 Bullet 2 Octave 3 Underdog 4 Miffed 5 Dear 6 Kaffir
7 Deploy 12 Raw 14 Shamrock 15 Ops 16 Serve 17 Intact 18 Devoid
20 Uproot 21 Excess 23 Iron.



The Transport Bill threatens cheap fares for the elderly, the disabled and children.

It is opposed by members of all major political parties, bus companies and manufacturers, Metropolitan, Shire and Local councils, Trade Unions, Friends of the Earth, the Women's Institutes, and many others.

سكرا من الامن

FRIDAY PAGE

Concluding our series, Suzanne Greaves reports on the tragedy of the young drug addicts

Starting off on a life of crime

FAMILY IN CRISIS

As parents divorce and home life deteriorates, many children turn to drugs, which in turn can lead them to other crimes. Even a privileged background no longer guarantees a child a successful future

When Jane Adams opened the front door of her Surrey home to find two policemen standing on the doorstep, she first experienced relief, then despair. With them was her daughter Sally, aged 16, reported missing from home two days earlier. Jane was relieved because Sally had been found; in despair because she knew from the look in her daughter's eyes that her own nagging suspicions about drug-taking were confirmed.

Sally had joined the growing band of Britain's young drug-users and become another statistic in this disturbing aspect of crime.

One in three secondary school pupils is affected at some stage by drugs or glue sniffing. It's not only the taking of illegal drugs, however, that is the problem. Commander Larry Roach, head of the Metropolitan Police community relations units, points out that other crimes, like stealing, may be committed in order to pay for drugs. In the moment of drug euphoria, vandalism and personal assault may also follow.

As Britain's married couples continue their relentless march to the divorce courts — 159,000 divorces a year, affecting 170,000 children, of whom 113,000 are under the age of 11 — Lord Tynan, chairman of the National Children's Home, points to the "appalling tale of suffering" the figures hide. Instability and violence in family life, not television, are the reasons why more young people are in trouble with the law, the NCH says.

Commander Roach believes the lack of neighbourly concern and the breaking up of settled communities are other reasons for juvenile crime. "People used to care about the other people in the road. Everyone was known to each other and parents took a great interest in the activities of their neighbour's children, in how they were doing at school."

"Now families move from area to area, whole households are out at work all day, and many people don't even know who their next-door neighbours are. How on earth are we going to teach this generation to be good citizens and good neighbours if there is no one to give them an example to follow?"

Experienced head teachers can spot the latchkey children, the youngsters who hang around after school is ended, looking for odd-jobs to do. "Anything rather than face an empty home," says Bedfordshire headmaster Mr Paul Smith. His response is to tell the parents what is happening and make them aware of their responsibilities. But by secondary school age it

is harder, and in the case of separated parents, which one does the teacher tell?

More than a quarter of the children in Britain are living in low-income families. The working mother here is a necessity. Since children as young as seven may take to glue-sniffing, however, her absence from home can have terrible consequences. At least 60 children a year die from glue-sniffing; others suffer brain damage. This is only the tip of the drug-abuse iceberg.

In Glasgow, Billy, aged 14, broke down in tears and pleaded with a children's panel for help with his addiction to heroin. On Merseyside there is a six-fold increase in the number of 16 to 25-year-olds attending local drug clinics. Three senior boys from Rugby School were expelled after cannabis was found in the dormitory; earlier, 12 boys at Stowe School were expelled and five others suspended after a late-night incident involving a master's car led to the unmasking of a pot-smoking ring.

Parents are always shattered when the crime their child has committed takes them into the arms of the police but, as Commander Roach asks: "How well do you really know your child?" Spotting an unexplained large amount of pocket money, knowing a child's friends and taking a real interest in hobbies and school life are, he advocates, ways of becoming closer to a child. "It's easy in the case of suspected drug abuse to be misled by the natural moodiness of teenagers and their desire for privacy, but watch out for real behaviour changes, neglect of personal appearance, undesirable friends."

You do not have to be a socially deprived child to become a drug addict. Roderick Jackson, the son of actor Gordon Jackson (the butler Hudson in the television series *Upstairs, Downstairs*), is back with his anguished parents after treatment at Broadway Lodge, Weston-super-Mare. This is acknowledged to be one of the most successful drug clinics in Britain. Roderick was convicted, last September, of possessing LSD and heroin.

Lord Mancroft's son, Benjie, was finally cured of drug addiction after stealing a £5,000 ring from his sister in order to pay off a pusher. Jamie Blandford, heir of the Duke of Marlborough, narrowly escaped the fate of Charlie Tennant, son of Princess Margaret's friend, Colin Tennant. As a result of his heroin addiction, despite his family trying



every possible cure, the Tennant family estates will now pass to his younger brother Henry.

"We've had patients turn up in Rolls-Royces and young people literally fall off the train stoned," said a Broadway Lodge spokesman. "By the time someone reaches here, parents are at the stage of absolute desperation. Some feel as though it's a weakness in their child, in their family. Drug addiction carries such a stigma that some would rather their child was diagnosed a schizophrenic."

And so the roll-call of the privileged young rich goes on: Patrick Melly, stepson of jazz singer George Melly, was still receiving treatment when he injected a final shot of heroin and died. Jayne Harris, one of the deb season's bright young things, was found dead in a public lavatory, a victim of heroin. David Kennedy, son of the assassinated Senator Robert Kennedy, discharged himself from a drug rehabilitation centre and died, after going on a drinking binge. Actor David Kosoff lost his son Paul who, in 11 years, went from pep pills to heroin.

If you do suspect your son or daughter is experimenting with drugs, what should you do? "Don't panic," says social worker Leah Davidson, who is attached to the Blenheim Project, the drug advice agency. "Often it is a very short-term thing, but you must be available to talk the problem out when your child comes to you for help. Down-to-earth information is contained in booklets for families and addicts who go to the Blenheim Project seeking assistance."

It took Mrs X, a founder member of the national drug self-help group Families Anonymous, five meetings with other suffering families before

she could bring herself to admit that her teenage daughter was a heroin addict. "The relief was then tremendous, and I received so much strength in being able to share my experiences with parents who were going through the same suffering."

Families Anonymous will direct addicts to appropriate agencies, but their concern is to be of support to parents and friends whose own lives are shattered by the drug-takers. The growing habit of cocaine addiction has been referred to by Lord Chief Justice Lane as the most potentially lethal drug of the 1980s, and the smart fashion is for "speedballing" — a mix of heroin and cocaine.

Drug abuse hits the headlines because of its tragic consequences. A run-down of juvenile crimes within the Metropolitan Police area, however, reveals a juvenile crime increase in shoplifting, criminal damage and burglary. In Reading, Berkshire, police discovered a cycle-stealing gang when 40 bikes, some worth £200 new, were found in a garage. Four of the ring-leaders were aged between 11 and 15. Police in Hampshire issued a warning to the elderly after a gang of teenage girls, pretending to be council officials, terrorized pensioners and demanded money.

"It's not always the parents' fault, but parents must be aware of how their children spend their leisure," says Commander Roach. "They must teach them to have regard for other people. After all, we are talking about the parents of tomorrow."

If ever they are to be parents, young people have first to find work, and it is still to London that so many young hopefuls, disillusioned with home

town job prospects, continue to flock. Each night Salvation Army officers join the police in patrolling the mainline stations looking for the lone youngster. If they are under 17, their parents are contacted and the child is returned home. But the older teenager without money and no work skills is at risk, perhaps from the stranger who will offer a bed for the night and inveigle him or her into prostitution.

Some children are running away deliberately to escape an unhappy home life, says Citta Sereny, author of *The Invisible Children*. "We must accept that some children cannot live with their parents and some parents cannot endure their children. Recognizing this uncomfortable truth is the first step towards any attempt to create the kind of public awareness, and the services and facilities, that would be able to take over before a catastrophe occurs."

Government plans, under which most 16 and 17-year-olds will no longer be eligible for lodging payments if they leave home, are alarming the social agencies which assist single homeless people. The alternative will be to sleep rough.

Rather than drag a child through the courts, one London area is experimenting with a juvenile panel so that experts can lead a child away from a life of crime. Police authorities have also put officers back on to community beats in the hope that problems can be shared before a crime is committed.

Is the small child who steals sweets from a friend's coat-pocket the criminal of tomorrow? Commander Roach hopes not, but it is down to the police to intervene even at this stage of growing up. And where is the family?

Pride after a fall

FIRST PERSON

Jocelyn Mitchell

A milk-white vehicle larger than a Rolls waited at the front door. Side-ways on I could see everyone's back and front in the floor-length mirror as they arrived to squat beside me. I could see through the banister railings my reflection too, with my fair all frizzy with friction and an enormous train, which looked exactly like the spare room eiderdown, cascading down the stairs to my shoulders.

My husband appeared, recalled from his office, looking strangely older than he had at breakfast. He surveyed the scene. Reclining, upside down, with my legs half way up the stairs, my teeth through my lips and a mouth full of carpet fluff, I said: "Behold your bride!"

"She's quite lucid", the ambulance driver pronounced as he zipped my arm into an inflatable splint. Since I had been entertaining him with an inch by inch account of the most spectacular feat I had just executed, I was astounded. Considering the high velocity fall headfirst, for an over fiftyish person hanging on to a long handled vacuum cleaner, in a cross between a pole vault and the descent of a rock strewn ski slope, it was not surprising that I had shattered my bifocals and my right arm was reshaped like a dinner fork with eggshell fractures.

It was not meant to be my day: it was my daughter's special treat day. We had booked to take her to lunch and I had arranged for her to have her hair styled and set, for she had qualified five days before as a doctor. How lucky can a mother be to have a doctor in the home? Unfortunately, as mother had every gadget switched on in the kitchen, the radio, the cake mixer, the washing machine, the dishwasher, the sewing machine, the iron and the telephone, it was difficult to get through the sound barrier to inform her that her first patient had arrived.

All our plans went by the board that day, but I insisted that my family keep to their plans for their summer holidays, including the 10 days I was to have alone to work peacefully on my novel. Living alone with my right arm in plaster, with the excruciating early stage taught me new tricks with versatile knees, feet, teeth and chin.

I had to master dressing. On day one, I abandoned my watch, bra and knickers as superfluous and impossible. While the sun shone as it did, I wore my bathing rig.

The first few times I sliced a loaf of bread left handed on the

floor, holding it with my foot, seemed hilarious. Then I gave up eating bread. Attempting to eat an unopened boiled egg is an interesting challenge — single-handed, I failed the test.

Some tasks are laborious, such as sweeping floors, except with a soft, palm-front St Lucian broom which before I had deemed as useless. One-handed bed-making, pegging out washing, blowing one's nose and searching for anything mislaid, especially a train ticket, is a frenzied process with one hand. A wasp attack is courting hysteria, though I keep a rolled magazine as a weapon-in-waiting.

I became reconciled after two months to accepting varying degrees of perfection, but at the beginning I cried at my pathetic attempts to cut rhubarb and slice beans. Not so my husband. He went once chopping onions and went right out and bought the long-awaited Magimix.

There is an *esprit de corps* among bone-breakers. White plaster of Paris swaths seem to draw former wearers of the stuff from among the travelling hordes and out of line in Post Office queues to commiserate and compare notes. On a mainline station a man who fell off a motorbike five years ago carried my suitcase and missed his train connection in order to help.

On my very first walk sporting a colour co-ordinated sling, I was strolling through woods where two elegant women were picnicking. A voice called: "You seem to have done what I did last winter, only I broke both wrists! But look at me now!" And with that she tossed away her gateau and danced, wrists rotating frantically, gold bracelets jingling.

"How did it happen?" was the question everyone seemed to ask. It was a combination of wearing bifocals, rushing, and having the vacuum cleaner lead too short to reach from one floor to the other.

MONDAY

Hooray for Henry: At last one has a show of one's own — Alan Franks on the forthcoming Sloane Ranger Revue

AUBERON WAUGH

on the Prince of Wales:

"The intense interest shown in the question of whether or not the Prince of Wales should attend Mass with the Pope... can be explained only by a great unspoken anxiety in the country: that after his abandonment of hunting and shooting, his adoption of a vegetarian way of life and his new interest in choral singing, the Prince of Wales is about to amaze us all by becoming a Catholic."

DANIEL FARSON

on Francis Bacon:

"... because his face is unfamiliar, it is possible to drink with him in a pub where he is so unknown that he was offered a job decorating a house when someone heard he was a painter."

PATRICK MARNHAM

on the Vatican:

"For the Vatican, the last 'news story' was the life and death of Jesus Christ. The next news story will be Armageddon."

PETER ACKROYD

on 'The Cotton Club':

"The script stays on much the same level, combining juvenility and banality. 'You move me,' Richard Gere announces to a lady, 'in unusual places.' Perhaps he meant his socks."

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GRAHAM GREENE

Tomboy troubles?

Princess Stephanie of Monaco has in a short time become one of the most sought after photographic models in America. Her looks are not those of the passive coddly doll, but of a handsome, strong woman with heavy shoulders and thick neck; the so-called androgynous build. Many young women of this type — though clearly not the princess — find that this build creates psychological problems, which persist all their life.

A clinical psychologist told *The Times* that adolescent girls with a masculine build gain a feeling that they are neither beautiful nor desirable that gives a sense of insecurity throughout life no matter how attractive they become. The difficulty can be compounded because the physiological basis of their personality is a high level of the hormone testosterone, predisposing them to assertiveness, determination, heightened sexual drive and competitiveness.



Stephanie: sought after

The psychologist said that many such girls have tomboyish qualities in early life which give them a best-friend relationship with their father; a friendship so good that it makes that achieved with other men seem inadequate.

MEDICAL BRIEFING

Another conflict which masculine women have to resolve is between their desire to dominate and the contempt they feel when their partner repeatedly gives in. It is not surprising that many are attracted to the older, but not necessarily stronger, man.

How pneumonia turns deadly

The death of Mr Michael Dunlop, the producer of the Channel 4 comedy series, *Mapp and Lucia*, at the early age of 40, and the outbreak of Legionnaires' disease in Staffordshire, which has so far killed more than 30 people, has focused attention on pneumonia.

This is defined as inflammation of the spongy tissue of the lung with consolidation of the alveolar cavities, but there are so many causes of it that a diagnosis is inadequate without

mention of the organism that started it, or of the underlying disease of which it is a complication. Pneumonia frequently occurs in those already weakened by other diseases, as in the case of Mr Dunlop, who died from bronchopneumonia complicating a severe attack of flu, or by the age or infirmity of many of those who caught Legionnaires' disease in Staffordshire.

Dr R A Burnett, in an article in *Update* on May 1 on opportunistic lung infections, emphasizes that those who already have poor resistance to infection are most likely to develop pneumonia. Infants, the elderly, or patients with chronic disease are not only more susceptible to infections in the lungs, but are also liable to develop a chest infection from organisms which do not usually cause pneumonia.

The first and previously the largest recorded outbreak of Legionnaires' disease was among American Legionnaires, a group whose age renders them

susceptible to opportunistic infection. Dr Burnett reports that in one Legionnaires' outbreak more than half the patients were also suffering from chronic diseases; particularly malignant diseases, renal disease or diseases which were being treated with immunosuppressant drugs. Heavy smoking, the recent drinking of alcohol and the gender of the person — men are more susceptible than women — are other factors which increase liability.

The severity of the Staffordshire outbreak is hardly surprising, as it is difficult to imagine a group more vulnerable to infected water vapour than a queue in a hospital outpatients department, composed as it is of the elderly, the infirm, the chronically sick and children.

Only blood tests will, show how many of the younger and fitter attenders were infected by the disease but were convinced that they were suffering from a nasty bout of flu, and did not consult their doctors.

Leather peril

A detailed analysis published recently in the *British Medical Journal* of stillbirths in the Leicestershire area has shown that women workers from the leather and shoe industry are twice as likely to have a stillbirth due to severe congenital malformations as are workers in other trades.

Labour relations are good in the industry so that women once in a job tend to keep it, and there is little need for casual labour; this has made collection of data easier and more accurate. The statistics have also been checked so that any possible errors due to class, ethnic origins, area of residence, height, age or marital status have been excluded.

One particular malformation, Trisomy 18, Edwards' syndrome, was over 10 times more common in the babies of leather workers. The evidence suggests that the possible hazard is either from the leather itself or the chemicals used as adhesives.

MYTHS

Dr Lesley Rees, of Guy's Hospital, London, has found that many parents do not have their children vaccinated against measles, whooping cough, diphtheria and polio because of misunderstandings.

Too many have been advised to avoid vaccinations for measles because the child has a runny nose, or because there has been a history of allergy to eggs or febrile convulsions in the family.

Whooping cough vaccination is avoided because distant relatives had a history of epilepsy, or measles, or asthma. Similar reasons are advanced against injections for diphtheria, tetanus or polio.

The Department of Health has a comprehensive pamphlet which lists the true contra-indications to vaccination.

Pressure points to beware

Failure to diagnose high blood pressure in a regular patient who frequently complained of head and neck ache has cost two lives. Wiltshire doctors £139,500 in damages. The diagnosis of severe hypertension was made only after the patient had suffered a crippling stroke.

Most patients are under the misapprehension that if they have no symptoms their blood pressure must be normal. In fact the onset of hypertension is insidious and silent. Headaches, nosebleeds, breathlessness, changes in vision, chest pain or even a loss of intellectual ability are the results of damage done to the brain, heart or kidneys by hypertension and are not directly related to the blood pressure.

Although headaches are difficult to evaluate, pain at the back of the head or in the neck is usually significant; the most common cause is probably an arthritic neck. One small clue to the presence of hypertension has recently been reported in *The Lancet*. It seems that stentorian breathing and heavy snoring may be a sign of high blood pressure.

Dr Thomas Stuttford

When feeling on top of the world can be fatal

Chris Bonington's climb of Everest will encourage other 50 year olds, but before they rush to prove their vigour they should remember that success was achieved by months of planning, training and acclimatization to increasing heights.

Too many otherwise sedentary people treat themselves to what they see as the ultimate in activity holidays, trekking in the mountains of Nepal, without any preparation.

Travel brochures, with alluring pictures of flowers and mountain peaks, never explain that some people never return to hazy their neighbours with tales of their exploits. Sudden translation to high altitudes, even without taking into account the effects of exposure to Far Eastern saprophytic and infection, takes a small, but steady toll of the many thousands who go trekking in Nepal or the Andes.

Dr Charles Clarke, joint author with Chris Bonington of *Everest: The Unclimbed Ridge*,

classifies the high altitude diseases in *Update* of May 1. The human body takes time to accustom itself to low levels of oxygen. If not given this time, many problems are caused by hypoxia. High altitude diseases are of varying degrees of severity and vary in their effect from the inconvenient to the fatal.

Acute mountain sickness (AMS) is the mildest manifestation of the syndrome. It is characterized by headache, nausea, extreme weariness, aches and pains and breathlessness. It is a common response to altitudes over about 10,000 ft; the symptoms, which affect 75 per cent of trekkers, come on within six to 36 hours of reaching this height and are particularly likely to strike parties which have marched too fast or climbed too quickly.

High altitude pulmonary oedema (HAPO), more serious than AMS, affects 2 per cent of those who reach 12,000 ft; it is an occasional cause of death in trekkers. As the symptoms are acute breathlessness and blood

flecked sputum it is frequently mistaken for an infective pneumonia, a diagnostic error which can be disastrous.

The most serious effect of high altitude disease is cerebral oedema (HACO) which occurs when the brain, rather than the lungs, becomes acutely congested. Fewer than 2 per cent of trekkers suffer from this. If time is wasted, and the trekker is not brought down to lower levels, coma and death can follow.

Although many trekkers take a doctor with them, his most important role will be to make an early diagnosis, for treatment with drugs is unsatisfactory and the patient's chance of survival may depend on extra oxygen and rapid descent.

It has often been noticed that the young and fit often succumb where the elderly are unaffected. An explanation is provided in a letter in *The Lancet* from Professor R. T. Ross who suggests that the swelling of the brain is less disabling in older people whose brains, already shrunk with age, have room to expand within the skull.

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THE TIMES DIARY

Two into one won't go

Michael Eaton, still officially mouthpiece of the hapless Ian MacGregor, has found himself in an embarrassing fix at the National Coal Board. Back in March he was jolly pleased to be appointed personnel director-designate after it was decided the North Yorkshire area of which he is director would merge with Barnsley. Just one problem: Eaton finds Merrik Spanton, the man whom he thought he would succeed, still in situ. Spanton, I am told, is refusing to budge. When I tried to call Spanton yesterday, the NCB repeatedly directed my calls to his chauffeur. Eaton was unavailable. An NCB spokesman confessed there was "an ambiguity" in the jobs - "Eaton was appointed by MacGregor to the executive committee, and Spanton is an appointee of the Secretary of State for Energy." Asked if Spanton would be told off to make way for Eaton, he said: "We don't know. There have been no statements." Yesterday a bemused NCB switchboard said that according to official instructions, Eaton is now "personal director for the UK" and Spanton is "board member of staff". In effect, the same job.

Female principal

After last week's fruitless search for Radio Four's *Thatcher Phenomenon* for the Prime Minister's sense of humour, the team has had more luck researching her femininity. "Woman from head to toe," insists General Alexander Haig, with a naughty chuckle. But does it make any difference? Oh yes, says Viscount Etienne Davignon, former EEC vice-president, recalling the shock of the first summit: "If she had been a man they could have told her to shut up."

Right off

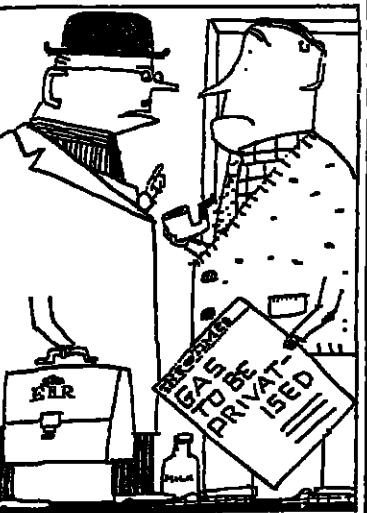
Larry Gostin et al should think again before adopting the name "Libertarian Alliance" for their caucus within the NCCL at its inaugural meeting on Friday. An organization of that name already exists. It is a far-right group, bent on wholesale deregulation, that considers the welfare state "a gigantic swindle perpetrated on the worker".

● Rates, blocks, caps, multipliers - how many people even within the Department of the Environment really understand the system of local government finance? Tory MP, Eric Cockerham, asked in committee this week. A DoE official replied in a deadpan tone: between 20 and 30. Out of a staff of 6,500, that is.

Blunkett ban

Labour's left-wing Campaign group of MPs is obviously unimpressed by Sheffield Council's decision to set a legal rate. At a meeting on Wednesday night, it drew up its slate of people it will support for the constituency section of Labour's national executive. Of seven names it backed last year, all have been readopted except one: the Sheffield council leader, David Blunkett. His replacement? I am told it is Tam Dalyell.

BARRY FANTONI



"I'm from the government. We'd like to sell you shares in everything you own."

Right of reply

What do Lord Home, Hugh Hefner, Simone de Beauvoir, Menachem Begin, Jimmy Carter and Bob Hope have in common? The answer lies in a macabre new project planned for next year by the BBC. The idea is to confront them with their own filmed obituaries, narrated in the past tense. Each subject will then be interviewed by the series' deviser, Peter France, and will have the chance to argue with the BBC summation. The six mentioned above are the people now being lined up for the programme. Famous Last Words, to be made by the *Everyman* team. The eccentric millionaire Nubar Gulbenkian, who was not above trying to bribe *Times* journalists to show him his obituary, would have appeared.

Handicap

With only a week to go before CND selects a successor to Bruce Kent, I am told the frontrunner of the 11 applicants is the current vice-chairman, Meg Beresford. And the least likely to succeed? A mysterious candidate who not only was not a member of CND but admitted being out of sympathy with its objectives. Did he even make it to the shortlist of five to be interviewed next week? "You must be joking," Kent told me.

PHS

Bernard Levin: the way we live now

Why rights are the price of loyalty

however hard Mr Maxwell and Mr Winnick and Mr Heffer might puff

So far, so good. But we cannot stop there, and Mr Tebbit didn't. He made clear that there was a crucial distinction to be observed. On the one hand, there are the limits of civil servants' political activity, which I have just described. Note - it is a vital point - that those limits apply to the most democratic and moderate political views as well as to the extremes of left and right totalitarianism. As a moment's thought should make clear, since a civil servant is not to be penalized for what he believes, but only for what he does, it must follow that the rule applies to those of Mrs Shirley Williams's persuasion as much as to those of the Emperor Caligula's, and quite right too.

But we cannot stop there either. For on the other hand, as Mr Tebbit pointed out, there is the question of whether a Civil Servant "may or may not be subversive" - that is, a potential traitor. And it is not enough to say that provided he does not go outside the marked boundaries of political activity there can be no ground for dismissing or demoting him. Unless you deny altogether that there is a category of people who are correctly described as "security risks" you must face the troubling necessity of barring from certain security-sensitive posts people who are not traitors but potential traitors.

But we cannot stop even there, and in saying how much further we

have to go, I must brace myself for the exhilarating experience of being told by Mr Winnick that I am disgusting and evil and that I poison the columns of *The Times*.

During the Labour government which immediately followed the Second World War, Mr Attlee laid down a new rule, by the terms of which some people were to be debarred, solely because of their political affiliations, from certain Civil Service positions. When the rule was announced, the category of those thus handicapped was defined as "communists and fascists", but it was not difficult to deduce that the fascists had been added only because of the inevitable uproar that would have ensued, particularly from Labour's backbenchers (on which there were then even more Soviet follow-travellers than there are now), if the rule had applied to totalitarianism of the left but not those of the right.

The reason for the ban, after all, was to try to ensure that state secrets were not communicated to countries that could use them to our harm. And the truth was, and is now, that since the end of the Second World War there has been no right-wing dictatorship or authoritarian state that had designs upon Britain. The law of course, rightly does not distinguish; the passing of secrets to any foreign country is an offence. But unpalatable as the news may be, there is at present no logical reason to bar a civil servant of Mr Pirie's views from even a security-sensitive

post, let alone a job in the Department of Trade and Industry.

Possibly, during the Falklands war, a civil servant with extreme right-wing views might have been thought not entirely suitable for a senior post in the Admiralty (although as a matter of fact it was the far left that wanted Britain to lose), but I cannot think of many similar exceptions; it might prove too much even for Mr Winnick's credulity to imagine fascist sympathizers, over the years, communicating the details of Britain's latest weapons-systems to Papa Doc Duvalier, Dr Salazar, or Idi Amin, with a view to enabling those uncomfortable persons to mount an invasion of Britain.

But it is very easy to imagine communist sympathizers passing secrets to the Soviet Union or the nations of her empire, and it would still be easy if none of them had ever been caught actually doing so.

The extent of a civil servant's political rights can be exactly defined, and it should rarely be difficult to say whether he has or has not gone beyond them. It is much more difficult - indeed, it is impossible - to be certain about his political loyalties. We are therefore obliged, unhappily but inevitably, to define categories of potential traitors. Inevitably, those categories will contain individuals who would never, in any circumstances, betray their country, as well as those who would like nothing better than the chance to do so. But that is the price of safety. And since that price should be kept as low as possible, it follows that it will be much more rarely necessary to bring fascists of the right into the net than fascists of the left.

My advice to Mr Tebbit, if he wants more cheering-up, is to wait until the matter arises again in the House, and then tell Mr Winnick that, much as he detests fascists, there is no logical reason why they should not be employed, in proper circumstances, at GCHQ Cheltenham.

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David Watt

Two powers are better than none

The celebration of VE-Day is mainly a celebration of 40 years of almost-peace in Europe. Certainly, if there had been another major war since 1945, those of us (if any) who had survived it would not be bothering much about the significance of May 8, 1985. The most interesting question, therefore, that is provoked by the anniversary is not more important from a practical point of view than how we won the war - is how did we keep the peace?

The answers, as it happens, are pretty straightforward, but unfortunately they fly in the face of so many cherished beliefs and aspirations that they are seldom enunciated and indeed often denied simply because they are ugly and their implications unattractive.

The first of these unwelcome truths is that the postwar world has probably benefited from the balanced bipolar system that has emerged in the Cold War. It has not necessarily been better than the unlikely vision of a monopoly of power concentrated in wholly benevolent hands but it is a lot better than a monopoly in malevolent hands, and almost certainly less likely to lead to war than the 19th-century system of three or four or five competing centres of roughly equal strength.

The rivalry that is implicit in a bipolar system naturally contains its own dangers of war, as every schoolboy used to know from Thucydides and Livy. But then neither Athens and Sparta nor Rome and Carthage possessed nuclear weapons. It is true that nuclear deterrence could have been maintained at a very much lower level of armament than fear and pride have imposed these last 30 years. It is also true that the threat of nuclear war is not the only factor that has maintained peace between the superpowers. But the caution ultimately displayed, from Berlin in 1947 to the Korean airliner incident in 1983, would have been missing in pre-nuclear days, and the probability of major war would have been very high indeed.

The chief consequence of this restraint is that it has prevented violent change - with the consequent drawback that we have been unable to bring about changes in situations that are manifestly unjust, such as the division of Germany and Korea or the Soviet annexation of the Baltic states.

This brings us to the next unpalatable truth: that since 1947, much of the world has been divided in practice into superpower spheres of influence. Neither side will acknowledge their existence, far less the other's right to any such thing, but neither side has made a frontal challenge of the postwar carve-up. In spite of all the rhetoric, the US has refrained from trying to undermine the Soviet empire in eastern Europe. The Soviet Union has been more or less resigned to American superiority in West Europe, Japan and the Philippines. In Latin America, where Castro's revolution gave the Russians an unenvied foothold, they still exercised (except in 1962) the greatest caution.

Most of the trouble has come where these spheres have been ill-defined or where one side has fancied it has seen signs of the other's weakness and probed for an

advantage. But even in these cases the operation has usually been conducted in ways calculated to avoid immediate superpower confrontation.

The Soviet Union has been more successful at this game of grand-mother's steps than the US. But that does not alter the inference one is forced to draw that the current polarized system of spheres of influence, bolstered by nuclear deterrence and based on the crude realities of military power established at the end of the war, has proved a much more durable guarantee of peace in spite of all its brutal anomalies and injustices than the "just" settlement imposed in 1919 - in defiance of the interests and latent power of Germany and Soviet Russia - or even than the civilized and complicated system set in motion by the Congress of Vienna a century earlier.

All sorts of cautions and elaborations need to be made before any practical conclusions can be drawn. One is that the bipolar system has not prevented fearful regional conflicts, sometimes involving one of the superpowers directly although significantly not yet both. Europe's peace has been guaranteed by the fact that it forms the main frontier between the two spheres of influence, and therefore both superpowers are permanently engaged in it.

Another obvious point is that the system cannot possibly last for eternity. Within another century, and probably much less, China and perhaps other populous powers will have swept bipolarity away. All sorts of things may change inside the superpowers themselves. And the longer injustices persist, the more chance that violent attempts will be made to rectify them, even at the risk of provoking nuclear war. Prudence joins hands with morality in suggesting that we cannot afford to give up the search for a more equitable as well as a more rational way of running the world.

However, prudence still has something to say on her own account: namely, that we should weigh with extreme care the consequences of dismantling any of the essential features of our present arrangements. This injunction would impose self-denial on a number of tendencies now in full cry:

- The left would have to give up its favourite illusion that "confrontation" in Europe is necessarily a bad thing. It is probably much the least of the available evils.

- The right would have to stop urging the US to disregard as well as denounce the implicit "spheres of influence" regime, and end threats to overturn the table if it cannot win the game by the present cautious and "immoral" rules.

- President Reagan would have to stop fostering the hope that defensive systems can abolish nuclear weapons. A bipolar system without nuclear deterrence would be the most dangerous possible state of affairs.

None of these things is going to happen. Until we have hit upon a better new system, however, we ought at least to maintain a grudging respect for the virtues of the one which came into being 40 years ago this week.

moreover... Miles Kington

Wear pants and breathe easy

The news that Yehudi Menuhin became a British citizen in February and is now entitled to be called Sir Yehudi did not come as a great shock to me; I'd always imagined he became British many years ago. Similarly, I am not unduly shocked to hear that Rupert Murdoch intends to become an American and be entitled to own many more TV stations; I feel that he will always be Australian, no matter what passport he holds. Whether this will entitle Sir Yehudi to own many more British TV companies is not clear, but I like to think that Mr Murdoch's pending change of nationality will at least scotch the rumour that all British press tycoons are longing for a title. As an American, his chances of a peerage will be very slim and he is to be congratulated on his modest renunciation.

However, becoming an American is not as simple as it sounds. I should know. I very nearly became an American myself once.

This was back in 1959, when I was faced with a nine-month gap between school and university, and my father told me to get out of the house and go and see America. This suited me fine. The idea of working in New York by day and listening to jazz all night was my idea of heaven.

But to be able to work in New York I had to have the right papers, and so it was that I found myself sitting in the American consular office in Liverpool, preparing to become an American immigrant. The consul knew that I would probably never get as far as citizenship but he solemnly went through the procedure as if I would. He asked me if I were suffering from many diseases I had never heard of, he asked me not to work for the overthrow of the American government. He made me swear that I had never been imprisoned for perjury. He finally administered an oath in which I promised all sorts of loyalty.

It was so innocent that they didn't even suspect they were about to have Vietnam and Bob Dylan thrust upon them. All they had in the way of protest was Mort Sahl and the Beat Generation, this last consisting of about six poets like Kerouac and Corso, and although I hung about Greenwich Village sometimes hop-

ing to bump into them, I never did. If America was innocent, I was even more so. During the four months I was there, I was constantly approached by charming strangers, proposing a trip in their car, and it was only later that I realized that these were homosexuals trying to add an English boy to their collection. I looked so young that the barmen refused to serve me without proof that I was over 18, and I took to carrying my passport around just to get a drink.

I once found to my extreme embarrassment, after eating in an Italian restaurant, that I had left all my money behind. I promised faithfully to come back with the money and did so two days later. The man couldn't believe his eyes. He waved a thick pile of bills at me. "These belong to people who were going to come back and pay. You are the only one who did. Hey, Giovanni, a drink for the gentleman!"

And the staff clustered round, clapping me on the back. Obviously I wasn't becoming American very fast. Another time, I remember, I was walking through the Village and a man sprawled on the sidewalk looked up at me and said: "You're English."

"How the hell did you know?" I asked him.

"Your trousers. No American wears pants like that." One day I discovered to my alarm that if I stayed another two months in the country I would, as an immigrant, be inducted into the American army, where I would be for years before I could come out and start owning TV stations, so I emigrated to Britain. But having nearly become an American, I feel I can now pass on some advice to Mr Murdoch when he does so.

Take your passport when you go out drinking. Don't accept rides with strange men. Don't always pay in Italian restaurants. Buy some pants. If you've ever been imprisoned for prostitution, don't make sure you're not eligible to fight in Nicaragua.

If there's anything else you need to know, don't hesitate to get in touch.

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Michael Hamlyn on the uneasy diplomacy between India and Pakistan

Can Rajiv find new friends?

New Delhi. When Rajiv Gandhi, the young prime minister of India, thinks about Pakistan, something seems to cloud his vision.

While Mr Gandhi, the least experienced prime minister the country has had, is simultaneously grappling with the problems of Punjab, and a serious change of direction in economics, he needs as many friends as possible, or at least no new enemies.

That seemed to be the way things were going at first. Mr Gandhi sent off Mr Romesh Bhandari, the senior civil servant in the Ministry of External Affairs, to each of the South Asian countries to emphasize the essential desire of the Indian government for peace and friendship, and for a negotiated solution to outstanding problems.

Bangladesh, Sri Lanka, Nepal, Afghanistan, even Pakistan reported themselves to have been impressed by the apparent earnestness of these intentions. A very senior Pakistani told me that the youthfulness of Mr Gandhi and his general straightforwardness were a great help in encouraging friendly relations. But it was Mr Gandhi who said to an interviewer early last year, before he became prime minister, that he believed there would be a war with Pakistan before October. And last weekend he said India had reason to believe that Pakistan was developing a nuclear weapon. In fact he said it twice in two days - to the upper house of the Indian parliament and to a meeting of his party's national committee. In the Rajiya Sabha, the states' assembly, he even accused the United States of directly helping Pakistan in its nuclear arms programme.

Two days later his defence minister, Mr P. V. Narasimha Rao, told an Indian newspaper that nothing much should be read into the prime minister's statements. There were press reports that Pakistan was making progress with its nuclear programme, he said, but it was not known if they were true.

Relations with Pakistan went through a bad patch in the last year, when Pakistan was widely blamed for having encouraged Sikh extremists, if not for having actually armed and trained them. But after Rajiv's accession matters looked up. President Zia-ul-Haq and Mr Gandhi met at Indira Gandhi's funeral, and later at that of Mr Chernenko. They both expressed satisfaction with the meetings. Gandhi later complained that General Zia was saying one thing to him and another to the western press. Pakistan indicated disappointment with India's insistence on a step-by-step approach to



Rajiv Gandhi on the campaign trail. Fred Ikke (below left): sales mission. General Zia: looking for a "major leap"

improving relations. Pakistan would like to make a giant improvement by the signing of a no-war pact, or a friendship treaty.

It is valid to say that Indo-Pakistan relations have been bedevilled by suspicion and mistrust. The Pakistani ambassador in Delhi, Dr Humayun Khan, "Pasi history shows that we and our big neighbours can seldom go through a prolonged period free of irritants. If we were able to take a major leap, if we were able to establish a new framework which precluded hostilities, these irritants would become less important."

The Indians do not see it like that. They fear that if talks break down on the "major leap", then relations will be set right back to their worst level. Better to take things one at a time. Behind Pakistan the Indian Government sees the long arm of the United States. Mr Gandhi rightly fears the sophisticated weaponry that is being supplied to Pakistan's military regime by the US. The material is said to be for defending Pakistan against the Soviet presence across the border in Afghanistan, but this does not explain the supply of shipborne Sea Hawk missiles against a landlocked country.

Hostility to the United States has informed Indian foreign policy for many years, particularly under

Indira Gandhi's rule. As the recent spy scandal began to break, establishment India was convinced that the lines of control led straight back to the CIA. When a French officer was found to be involved he was instantly accused by the press of being in the pay of the Americans. Since a Pole, an East German and a Russian have now been implicated, this theory is more difficult to sustain.

Rajiv does seem to be establishing better relations with the US. A protocol has already been initiated in Washington on technology transfer agreements, and a succession of senior American officials are visiting Delhi. Mr Fred Ikke, US Under-Secretary for defence, came last week, ostensibly to discuss possible sales of two C-130 aircraft for India's Antarctic exploration, a deal which could easily have been handled at a much lower level. Mr Ikke is reported to have been trying to sell India American artillery and missiles. Next will come Mr Verne Orr, the US Secretary of Air Force, and Mr Malcolm Baldrige, the commerce secretary.

These visits are all preliminary to Mr Gandhi's own visit to Washington next month, when considerable efforts will be made to persuade him to mitigate India's pro-Soviet tilt.

Mr James Baker, the US Treasury Secretary, told the Indian finance minister, Mr V. P. Singh, in

Washington last month that the US appreciated Indian efforts in the economic field, in particular its loosening of industrial quota and licensing restrictions. The US is now India's largest trading partner, taking more than 18 per cent of its exports and supplying 13 per cent of Indian imports. Mr Gandhi's economic policies follow very closely the prescription for developing countries propounded by the Reagan administration.

The rapprochement is not unnaturally seen with disapproving eyes in Moscow. Gandhi is off to Russia next week to a festival of *Mir i Druzhba*, peace and friendship, in which the Soviet Government will do its best to persuade him not to stray too far.

Mr Gandhi will no doubt reassure them. He has no misgivings about the importance to India of Soviet friendship. At this week's celebration of the 100th year of the Indian National Congress, for example, Gandhi related how his grandfather and great-grandfather, Javaharlal and Motilal Nehru, went to Moscow for the first time in the 1920s to witness the tenth anniversary of what Mr Gandhi called "the great October revolution".

They both returned convinced that India should cleave to the socialist path. Last weekend Mr Gandhi and his party themselves reiterated this commitment.

India's chairmanship of the non-aligned movement, in particular the foreign ministers' conference in Namibia at which the US and other western powers came in for a good deal of criticism, and the six-nation summit of nuclear disarmament held here in January, have both reinforced plans for a Soviet foreign policy. India continues to support Russian on Afghanistan and Kampuchea.

In return the Russians have spoken severely to the Pakistanis. Mr Mikhail Gorbachev gave President Zia such a tongue-lashing at Chernenko's funeral that the Pakistanis are now known to feel that Mrs Thatcher's assessment of the Russian leader is all wrong. They see him as an old-fashioned, hard-line dressed in a not very smart new suit.

South Asian foreign ministers are meeting this week in Thimpu, capital of the mountain kingdom of Bhutan, to lay the groundwork for a summit meeting on regional co-operation to be held in Bangladesh in December. It is to be hoped that the clouding of Mr Gandhi's vision of Pakistan will not prevent serious advances being made towards a settlement of their bilateral and multilateral concerns.

John Young

Agricultural Correspondent

سكنا عن الارض

صكنا من الامل



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

LETTERS TO THE EDITOR

ON THIS DAY

MAY 10 1915
The Lusitania sailing from New York with 1,357 passengers and 702 crew was struck by a torpedo from the U-20 on May 7 when about 10 miles south of the Old Head of Kinsale. Of those on board 1,198 lost their lives.

SINKING OF THE LUSITANIA

There are some experiences, however, which can be told. Here is the vivid story given to me by Dr. Moore, of Yankton, South Dakota, who was a young man in America with a fellow doctor to offer his services to the War Office. I found him, hatless, collarless, and with slippers in place of boots, on the jetty at Queenstown.

The first abnormal thing I noticed was a swarming of people on the jetty. This was at about 11 o'clock. At the same time several of us, using glasses, observed about two and a half miles away on the port side - that is, between us and the shore - what seemed to be an oblong black object with four apparently dome-like projections. It seemed to move with a slow, steady motion, disappeared, and appeared again. At this time there was no other vessel save a fishing smack in sight. The land had been distinctly visible from the jetty. I was, I judged, at about 18 knots, or perhaps less. The conclusion we came to was that the object was a submarine and that it had turned out to be a friendly one. At this time there was no other vessel save a fishing smack in sight. The land had been distinctly visible from the jetty. I was, I judged, at about 18 knots, or perhaps less. The conclusion we came to was that the object was a submarine and that it had turned out to be a friendly one.

At 10 minutes to 2 I went down to the table about the object we had seen, but everybody was calm and confident. About 10 minutes later there was a muffled boom-like sound coming from the direction of the bow. It was accompanied by a shivering or trembling of the vessel. Immediately afterwards the ship began to list to the starboard side.

There were no boats being lowered on the starboard side, where the sea was not only about 12 ft below the hull, but I turned half-blindly, round the deck towards the first-class part. I looked for a life-belt, but could see none. The only person I saw was a Catholic priest. I ran back towards my cabin, in the second-class part. On the way I came to a stewardess who was struggling to get out some life-rafts. I saw her overhead. I got them out and after helping her to tie one on, I put one on myself.

LOWERING THE BOATS

Near this spot I saw a woman clinging to the stern of an unpowered boat. Looking over the side of the ship I saw a boat which was being lowered about 8 ft below, so I pushed the woman over. She fell into the boat and I dropped over after her. As the lowering of the boat proceeded I saw the boat was not far from the stern till the boat was almost perpendicular. A young fellow - one of the sailors, I believe - promptly seized a hatch and cut away the ropes. The boat dropped straight into the water with a splash. Strangely enough none of us fell out. The only person I saw was a Catholic priest. I ran back towards my cabin, in the second-class part. On the way I came to a stewardess who was struggling to get out some life-rafts. I saw her overhead. I got them out and after helping her to tie one on, I put one on myself.

THE LAST MOMENTS

She came up, took us on board, and then went on to the scene of the disaster, where we were able to pick up other survivors. Not a few of them were injured. One little boy of not more than 10 or 11, had his thigh fractured. I improvised splints and dressed his wounds. There were about 25 people on it, two of them women. They helped us on board. We took a light-house as our objective and rowed desperately out a long way to the guns, for about an hour. Then we were cheered by the sight of a patrol boat. She signalled to us and we ceased rowing.

Museum closure

From the Director of the Imperial War Museum
Sir, I am very sorry that Mr Holzhauser (May 9) and many thousands of other people were unable to get in to the Imperial War Museum, on the Bank Holiday. In common with all other national museums, and following a national agreement, the museum was closed. However, in view of the anniversary and of the fact that the great majority of the staff were willing to work, I made a special approach to the Civil Service Union requesting that the museum be open exceptionally on that day. My appeal was refused.

Discourtesy denied

From Sir Edward Gardner, QC, MP for Fylde (Conservative) and others
Sir, We refer to The Times Diary (May 8) and express our surprise and regret at the alleged statement by a member of the Home Affairs Select Committee. We wish to emphatically state that at no time did we refer to the President of the United States of America as a "tinpot president".

Use of calculators

From Mr Jim Nisbet
Sir, During my service in HM Inspectorate of Schools I found one progressive teacher who allowed the pupils to use their calculators to add their logarithms. Surely this satisfies everyone!

Yours faithfully

JIM NISBET
14 Melville Terrace,
Edinburgh,
May 3.

Lessons of the lost Bosphorus contract

From Mr Christopher R. Head
Sir, The story of the lost Bosphorus Bridge contract (report, May 4) will be generally only too familiar to anyone involved in trying to win overseas project work for UK firms.

Whereas the Department of Trade and Industry's stance is normally supportive and realistic, the attitudes of Government itself and the other ministries concerned suggests either a total lack of understanding of the market or a cavalier disregard for the future of British project engineering.

It is important to realise that in this business strength feeds upon strength, and vice versa. Cleveland Bridge were front-runners for the second crossing, no doubt in part because they had successfully built the first a decade before. With the loss of this new contract their position will be a little weaker in the future, and the Japanese position significantly stronger.

The same applies to an even greater extent in the case of consulting engineers, where track record is all important. With a virtually stagnant home market we can only retain our considerable experience in major projects by working abroad. Drop out now and we shall find it almost impossible to regain a foothold later.

Another important branch of British industry (and incidentally a major export earner) will have withered.

The Government and Treasury may find mixed credits not to their ideological liking, but they are a fact of life. It is pointless haranguing British exporters and complaining that the opposition are not playing fair. It is equally pointless to grudgingly make a "matching offer" far too late and then be surprised when it is not accepted.

Whether we like it or not, winning projects in overseas markets has become inextricably linked with politics, and until the UK adopts a more positive attitude we shall continue to lose out to our foreign competitors backed by their increasingly entrepreneurial government agencies.

Yours faithfully,
C. R. HEAD,
Rear Admiral (Retd.),
Malvern Road,
Ashford,
Kent,
May 7.

Britain and Libya

From Dr James Thrower and Dr P. C. Sadgrieve
Sir, Having just returned from a cultural visit to Libya and having met many high officials in the Jamahiriya, including Colonel Gaddafi, we were made very aware of the sincere desire on their part for an early resumption of diplomatic relations between Britain and Libya.

This would seem to us to be a matter of some urgency in view of the past and continuing cultural and commercial contacts between our two countries, together with the presence of some 8,000 British workers in Libya and the, as yet, untapped potential for British trade in Libya's rapidly expanding economy.

We would, therefore, urge, through your columns that the time is ripe for the British Government to respond to Libyan initiatives and restore normal diplomatic contacts at the earliest opportunity; this despite the unfortunate incidents which have, of late, marred relationships between Britain and Libya. Such would, we believe, be to the mutual advantage of our two countries.

Yours sincerely,
JAMES THROWER,
P. C. SADGRIEVE (University of Durham),
University of Aberdeen,
Department of Religious Studies,
Taylor Buildings,
King's College,
Aberdeen,
April 27.

Untangling the towns

From Mr R. C. Ongle
Sir, As a frequent car traveller into unfamiliar towns, may I suggest through your columns an efficient availability of cheap maps to be purchased at local garages on approaches to towns on one side or the other of the main arterial roads, with facilities (restaurants/banks/cinemas) highlighted; the border on both sides allowing space for advertising.

Whilst such maps can be obtained in areas of tourist attraction, no attempt is made to make them conveniently available thus reducing the congestion of lost or delayed visitors.

Yours sincerely,
RICHARD C. ONGLE,
Sulway House,
Little Addington,
Kettering,
Northamptonshire,
May 1.

Links with Russia

From Mr Herb Greer
Sir, Lord Bauer's interesting comments (feature, April 24) on "Western self-hate" make an apposite gloss on your front-page report the same day, alleging that some Labour Party figures support organisations whose aim is Russian subversion of the free world.

It will doubtless be said, and accurately, that subversion comes from the right as well, in the name of abstract "authoritarianism" and chauvinist racism.

One major difference between the left and right-wing variety is that the left must rely on domestic resources, and so is more easily exposed and fought.

Measures to reduce time on remand

From the Parliamentary Under Secretary of State, Home Office
Sir, Your editorial, "The scandal of remand" (May 7), and the Nacro (National Association for the Care and Resettlement of Offenders) bulletin which prompted it rightly draw attention to the worrying increase in the number of remand prisoners. You acknowledge that the Government has not been inactive in tackling the remands problem. May I expand a little on the measures we have in hand?

At their heart are measures to reduce delay in the courts. The statutory time limits, for which provision is made in the Prosecution of Offences Bill and for which we shall soon be mounting field trials, will be of two kinds - custody limits, which will restrict the period for which the accused may be remanded in custody before trial; and "overall" limits which will apply whether or not the accused is in custody.

As in Scotland, the direct impact of the limits will be on the prosecutor. But we see time limits as part of a wider programme of action, in which the courts too will play their part, through their arrangements for listing cases, and generally by making the most effective use of the resources available to them. The courts already give priority to cases where the accused is in custody, but we see the custody limits as a means of sharpening up that priority and making it more systematic.

These steps are of course in addition to the substantial increases in resources - both judges and courtrooms - which the Lord Chancellor is providing for the Crown Court, which has suffered the most rapid increase in business in recent years.

Our prison building programme is also relevant to the remand problem - more directly, if I may say so, than

your editorial admits. Five of the new establishments currently planned will be local prisons. Another two will be remand centres for the under 21s. Much of the important work on refurbishment will be concentrated on improving conditions in over-crowded local prisons. The new category B and C training prisons which are planned will also provide indirect relief, to the extent that they free accommodation now used by sentenced prisoners.

The use of bail, wherever possible, is clearly crucial, and depends greatly on how assured the court can feel that the accused has a fixed address. Bail hostels and probation hostels which take people on bail have an important role. New hostels, at Wolverhampton and Milton Keynes, have been opened in the last year. The hostels are not by any means fully used, and it is not obvious that there is significant unmet demand. But we are reviewing, with probation and other interests, the arrangements for assessing demand for hostel places, to see if they can be improved.

The programme I have outlined above accords in many respects with last year's helpful report from the Home Affairs Committee. The arrest and reversal of the upward trend of the last few years cannot be brought about at the press of a button, and certainly not - with great respect to their authors - by the specific proposals referred to in your editorial. The problem is more deep-seated than that, and more likely to be responsive to the steady, business-like attention to the underlying issues of court process and prison accommodation which I have described here.

Yours faithfully,
GLENARTHUR,
Home Office,
Queen Anne's Gate, SW1.

Mansion House Square

From Sir James Richards
Sir, Since Mr Gavin Stamp (May 8) has brought my name into the Mansion House Square controversy, may I record my opinion that both he and you, together with most of your correspondents, have been putting the emphasis in the wrong place.

The efforts of myself and many others to save the Euston Arch, which Mr Stamp says were to some extent frustrated by an untimely leader in your journal, and today's efforts to prevent the erection of the Mies van der Rohe tower, are concerned with individual structures. But the real issue this time is not whether one building should be retained or another prevented. The issue in the case of the Palumbo project is one of civic amenity: what it would do to the City.

The office tower that is only one part of the project would be relatively harmless. It is an unassertive design by one of the most distinguished architects of our day and would be a good deal more acceptable than most of the office developments that have changed the face of the City since the war.

If it were built it would soon be absorbed into the changing City scene, and for its simplicity and sincerity might even in due course come to be regarded with affection - as a friend, you might say, on the face of a well-loved curbedule.

No, Sir, the serious issues are raised by the other part of the project, the so-called Mansion House Square, which in my view is totally misconceived. You describe it, in your leader of May 6, as "a large gain in open space". Whether it is desirable to introduce open space into the City's closely-knit relationship of streets to buildings is one question that might be asked.

Another might be whether an open space at this point where main traffic routes converge would be so filled with noise and fumes as to offer none of the promised amenities. But the most important question which should not be ignored is about its architectural quality.

A new civic square - for that is what it is claimed this will be - is

not just a rectangle drawn on a map. It is an outdoor room, with four walls demanding well-controlled and balanced design. But the proposed square, made by clearing away the buildings that now occupy part of the site, would present four ill-assorted facades, two of which would totally lack distinction or coherence.

One side would consist of the flank of the Mansion House, an amalgam of architectural elements of different dates never meant to be seen axially. Another side would reveal the bulk of Bucksbury House, one of the most illiterate buildings to be erected in the City since the war and now mercifully obscured by the buildings it is proposed to demolish.

The unsatisfactory clearance proposed would only create yet another of those messy compromises that all our attempts at civic improvement seem to lead to.

Yours faithfully,
J. M. RICHARDS,
29 Fawcett Street, SW10.

From Professor Kerry Downes

Sir, At the public inquiry last year the supporters of Mansion House Square made great efforts to present - and to be seen to present - a balanced view of the arguments both for and against.

Since the outcome of the inquiry is still effectively, if perhaps not legally, *sui juris*, one might question the propriety of re-opening the debate at the present time, as has been done both by your Architecture Correspondent (April 29) and in your letters pages (May 1, 2, 3, 4, 7, 8).

In pressing a case which they seem at once to consider both won and desperate, the opponents of the project have raked up again the emotive catch-phrases, half-truths and innuendoes that were repeated parrot-fashion by so many speakers at the inquiry. There is no comparison with the Euston Arch, considered as a matter not of taste but of fact.

Your leader (May 6) which achieved a reasonable objectivity, was welcome.

Yours faithfully,
KERRY DOWNES,
The University of Reading,
Department of History of Art,
London Road, Reading, Berkshire.

Handling waste safely

From Mr Alan Reddish and Mr Steve Cousins
Sir, Dr Roberts of Nirex firmly asserts (May 1) that "extensive experimental and theoretical studies" have led to a broad technical consensus about safe radioactive waste management.

How does he explain the absence of any experimental data in support of the theoretical predictions in the recent Holford report (Independent Review of the Disposal of Radioactive Waste in the Northeast Atlantic, HMSO, November, 1984)?

The theoretical work described is undoubtedly extensive (though itself open to academic doubt, particularly about "food webs"), but it was not supported by experimental results - if they are so readily available, why were they not provided?

Thirty years ago, for example, sea-

dumping was being carried out in the relatively shallow waters of the English Channel. Extremely long-range predictions are now being made about the effects of more recent dumping in the deep Atlantic.

Can the same model used for these predictions successfully account for observed contamination of Channel waters and fauna (presumably at sea levels) over the last thirty years?

This is the kind of controlled experimental study needed to validate the theoretical models asserted with such confidence, before embarking on further large-scale dumping.

Yours sincerely,
ALAN REDDISH, Director,
STEVE COUSINS,
Energy Research Group,
The Open University,
Walton Hall,
Milton Keynes, Buckinghamshire.

are characterized as liberal reformers with purely domestic concerns. This willingness to embrace and/or excuse totalitarianism may in the end be a matter less of intellect than character. Fortunately it has not prevailed in Britain, except, arguably, in a few pockets at local level.

In this form it remains something of a game, if an expensive one. Like a sort of public expression of British eccentricity. But if British tolerance degenerates much further into the kind of fuzziness which makes Russia and the United States (for example) into political clones, the game may well reach national level and take on a distinctly serious, not to say grim, quality.

Yours,
HERB GREER,
124 Fog Lane,
Didsbury, Manchester.

RALLYING CRY

The conference of Scottish Tories traditionally ends with a rally, not just a speech. This evening the Prime Minister does not follow any Cabinet colleagues to the podium. There is no warm-up act. She is the sole attraction.

In 1982 she came to Perth when the Task Force was on its way to the Falklands War; in 1983 she chose Perth to begin her election campaign against "the dark divisive clouds of Marxism"; in 1984 she rallied her supporters for the long haul against Arthur Scargill. This year's Scottish conference has been dominated by Conservative anger over rates. Mr George Younger felt the heat yesterday - and doubtless there will be some left over for Mrs Thatcher. It is important that in assuaging the concerns of Scotland she does not commit herself to a general rates policy which, once again, she cannot sustain. But it is still more important that she does not miss the opportunity - no less necessary than in previous years - to tell Conservatives and the country what the Government is fighting for, why the fight must be endured and how the party can present itself for the next election and beyond.

Even the Government's best friends accept that today all is not well. The message from the shires is that Mrs Thatcher is becoming bad news on the doorsteps. She is seen, not as the recent liberator of the country from extremists in the trade union movement who wanted to wreck it, but as an absentee, uncaring figure who prefers the world stage to the problems of unemployment at home.

The fault is in herself - and not even her fondest admirers can swear otherwise. Her style has become more personal at a time when her public personality appears less and less attractive. It is hard for a senior world statesman to retain the Grantham touch but surely not so difficult to avoid the imperious mantle of a Mrs Gandhi?

Yet the Thatcher style, although providing a field day for feature writers, is not at the core of the Government's problems. She has the strength and the skill to deal with it -

as her softer performances in Parliament this week have shown. The Government's policy is simply not well understood. Its presentation is beset by useless slogans. Its radicalism is not dead. And of course it consolidates, as any radical reformer must. The fashionable opposition between the two schools is a phoney one - popularized by those who are at heart opposed to Mrs Thatcher altogether.

At the end of the day, this Government is nothing unless its radical momentum is kept up while the consolidation of its past achievements continues. And that means policy preparation in the Party and the country, not just policy planning in Westminster and Whitehall. Trade Union reform, for example, has been on the open agenda for as long as Mrs Thatcher has been Prime Minister and, although the job is only half done, there is wide acceptance for the progress so far. In contrast the Government's dissatisfaction with the State Earnings Related Pension Scheme seems to have been in the air of popular politics for a mere matter of weeks. Tory canvassers report that some shire county voters thought that the Government was planning to abolish the basic old age pension. The Prime Minister can usefully spare a few minutes of her speech tonight for some straight reassurance.

It is of course political mismanagement on a grand scale to allow an open Cabinet row about policy options for pensions which, when they are finally produced, will still be in the form merely of a Green Paper. The damage should still, however, be containable. She should resist tying her hands to a cobbled-up compromise. The debate has only just begun.

The Prime Minister has to prepare the way to argue that SERPS is a colossal, unsustainable burden which the current population is imposing on its children. She must be prepared to say that past consensus for a pensions policy is useless unless we can reasonably expect a future consensus to pay for it; and that without that prospect SERPS is fool's gold.

Preparation is the key.

Preparation of the political ground is what has been lacking. The Prime Minister's problems are not helped, of course, by the fact that the Cabinet's best communicators do not believe in the radical policies and that the foremost believers are the feeblest speakers. This difficulty needs to be faced fair and square. The Cabinet does not need to be turned upside down. But she has to recognize her colleagues' strengths and weaknesses and allow for them. That is at least as important as any reshuffling of the Ministerial pack.

As well as the failings of her friends, she has to consider the reawakening of her enemies. Mr Peter Walker is a worthy adversary. He deserves careful watching, careful parrying - and by and large he gets it. Mr David Howell is a different matter altogether. It should raise many a smile in Downing Street to hear a lecture on "theme and vision" clumsily spiced with a headline-grabbing whiff of Profumo - from a man whose own Ministerial performances fell so far below his present prescription. Mr Howell should not be in her sights tonight. If there is an open season for sniping back-benchers then the season is equally open for shooting back. But not in Perth.

The Prime Minister shares the spotlight with no one tonight. The need is for a reassertion of what she alone can tell the country. She hears that voters see her as calculating and uncaring. She should reply with the truth that her Government is not just about money and marketing, that there is a morality which makes free markets the model for a free society. Without the moral dimension her brand of politics can indeed seem too much dominated by the calculator. This calculator mentality can in turn erode the moral standards on which the market depends. The moral dimension comes first. Tonight she must put her foreign preoccupation into a corner and return to the home front with a vengeance. In two years' time the Government will need a message to bring to the electorate. There may indeed be no credible alternative to Mrs Thatcher. But to say so will not be enough.

Director-General recommends such a thing after his own review has been conducted. It might have saved M15 from the embarrassment of the recent television disclosures, but it does not go to the heart of a feeling for greater accountability from the service which seems to exist not just in Parliament, but within the service itself. From the latter, such a feeling could be allayed by the opening up of management techniques and the granting of greater responsibility to an intermediate level. That could do much to raise morale of the service, but it will never satisfy MPs.

Under political pressures during the past 15 years nations of the Western Alliance have been forced to open up their intelligence machines more than they prudently should have done if they had wanted to avoid impairing operational efficiency and service morale. However a system of parliamentary scrutiny could be devised for Britain under which the Prime Minister and the Foreign and Home Secretaries could expose themselves more directly to a regular and accountable session with parliamentary colleagues - say from a small group of Privy Counsellors who would have to have occupied one or other of those offices of state. They would be shown all the papers shown to ministers and would be free to tell Parliament whether they agreed or disagreed with the line taken by ministers of the Crown without going into detail.

Two preconditions should really lie behind any such innovation, however. The first is that politicians seeking senior ministerial office should submit themselves to the same positive vetting procedures that they insist on for the professionals. The second is that the government of the day, having conceded some such accountability, should then have the confidence to encourage more offensive intelligence work than has been permitted under the cowed climate of the recent past. If the threat is as continuous as Mrs Thatcher has told us it is - and all the evidence corroborates that - then our intelligence and counter-intelligence operatives must be given room to go out and win the war in which, through no desire of our own, we have been forced to engage.

SOMETHING ROTTEN IN SECURITY

"The Russian interpretation of détente has meant the chance to extend by overt and covert means their influence and political control wherever opportunity offered," the Prime Minister once told the Commons, and later, reminded MPs in the last Parliament that since this threat was continuous "our safeguard needs equally to be continuous". It is important to remember the pervasive quality of this war of subversion when evaluating the sorry tale which she had to unfold to the Commons yesterday in her announcement about the Security Commission review of the case of Michael Bettaney, the M15 officer who was jailed last year for his attempt to spy for the Soviet Union.

Something is rotten in the conduct of the British security service. Of course the nature of its work means that we hear only of its failures and not of its considerable successes. But it is the manner of those failures and the systemic defects which they reveal which leaves one with so little confidence about the management of the service as opposed to its operational expertise.

The litany of treachery since the war starts with the Cambridge conspiracy and certainly one should not assume that it will have ended with Bettaney. It reveals that the service has always completely lacked an ability or desire for some efficient, reliable and objective system of self-scrutiny. Perhaps that is asking too much of any secret service, but it has certainly been too much for M15. It has become so introverted, partisan and in a sense, such a pebble of a machine among the concrete blocks which make up Whitehall's bureaucracy that one can see the historical grounds for this inherent defensiveness.

As G. K. Young, a former Whitehall intelligence officer, writes in his book *Subversion and the British Rapprochement* "M15 is basically a research team drawing its information from special branches of police forces and other agencies. When suspicious activity is uncovered its small group of agents is called into action and if the evidence is sufficient to warrant a charge the life is turned over to the Director of Public Prosecutions. It has no powers of arrest and its work depends on good relations with

other departments, so although the Director-General has a right of direct access to the Prime Minister, he does not lightly go over the heads of permanent under-secretaries for fear of creating future problems."

As Mr Young states, it has always been the aim of the Foreign and Home Offices to keep security work low key and in the hands of "safe" men. The desire for secrecy was always more a departmental desire than one held by the field officers themselves. Now the Prime Minister intends the new Director-General to sort out M15, presumably with sufficient authority to overrule the traditional sensitivities of the contracting departments. However, the details of the Bettaney case show that the root cause of inefficiency goes far below the level of policy or accountability and concerns the basic question of self-scrutiny for deviant behaviour and insufficient grounds for positive vetting.

The Security Commission Report reveals that the fact that Bettaney was drinking a bottle of spirits each day caused insufficient consternation in his department which had to wait until he received a formal conviction, and even then his status was not subjected to the most rigorous appraisal. Moreover during his last year's service, the instability of his behaviour - was such that two independent enquiries were being conducted into it, each unaware of the other's existence. The answer to that kind of nonsense should not be confined to the generalized management rearrangements suggested by the Security Commission. A complete outsider should be recruited to carry out senior investigations and to ginger up the procedure of confidential reports. This man should probably be a senior policeman, working directly to the Director-General and being able to sift more scrupulously through the material compiled by service officers by virtue of his separate status from the brotherhood of career intelligence men who have hitherto had to spy on each other as well as on the other side.

The Prime Minister was prepared to introduce some internal complaints procedure to the service, as suggested by the Commission, provided that the

Director-General recommends such a thing after his own review has been conducted. It might have saved M15 from the embarrassment of the recent television disclosures, but it does not go to the heart of a feeling for greater accountability from the service which seems to exist not just in Parliament, but within the service itself. From the latter, such a feeling could be allayed by the opening up of management techniques and the granting of greater responsibility to an intermediate level. That could do much to raise morale of the service, but it will never satisfy MPs.

Under political pressures during the past 15 years nations of the Western Alliance have been forced to open up their intelligence machines more than they prudently should have done if they had wanted to avoid impairing operational efficiency and service morale. However a system of parliamentary scrutiny could be devised for Britain under which the Prime Minister and the Foreign and Home Secretaries could expose themselves more directly to a regular and accountable session with parliamentary colleagues - say from a small group of Privy Counsellors who would have to have occupied one or other of those offices of state. They would be shown all the papers shown to ministers and would be free to tell Parliament whether they agreed or disagreed with the line taken by ministers of the Crown without going into detail.

Two preconditions should really lie behind any such innovation, however. The first is that politicians seeking senior ministerial office should submit themselves to the same positive vetting procedures that they insist on for the professionals. The second is that the government of the day, having conceded some such accountability, should then have the confidence to encourage more offensive intelligence work than has been permitted under the cowed climate of the recent past. If the threat is as continuous as Mrs Thatcher has told us it is - and all the evidence corroborates that - then our intelligence and counter-intelligence operatives must be given room to go out and win the war in which, through no desire of our own, we have been forced to engage.

Subversion from the left not only has such domestic sustenance but also enjoys the support of a major

May 10, 1985

SPECIAL REPORT

VENTURE CAPITAL/1

Fast cash flow that helps industry grow



Mercurial growth in the venture capital industry, most marked in the past two years, shows no sign of easing although most in the sector expect a shake-out eventually. United States experience over a longer time suggests it will be a cyclical industry in Britain but that has to be surmised as the British market continues to accelerate.

One measure of the expansion in the market is the amount of new capital raised from institutions like pension funds for independent venture capital funds which subsequently invest the money, usually over several years, in a wide range of companies needing cash. It is usually in exchange for an equity stake. The range runs from small start-ups to £40 million management buy-outs, with the average investment running at about £250,000.

There have been sources of investment capital for many years like Investors in Industry (Ii), and the merchant banking arms of some high-street banks but rapid expansion in the industry started at the beginning of this decade. Independent funds raised £7 million in 1979 but by 1983 the figure had jumped to £164 million, followed by £222 million last year.

These market estimates come from Venture Economics, the British offshoot of the US company of the same name which analyses trends.

There are 93 funds tracked by Venture Economics, including those in the public sector like the subsidiaries of the regional development agencies, eight Stock Exchange-listed funds and Business Expansion Scheme (BES) funds. This leaves possibly some 40 other funds so far untracked, making their contribution to the industry. Nor is account taken of the effect of the Unlisted Securities Market (USM), which probably has as much impact in provision of venture capital as the independent funds. The Over the Counter (OTC) shares market also makes its own smaller contribution.

The extent of investments actually made has been more difficult to estimate but Venture Economics believes between £200 million and £250 million was placed in Britain by venture capital organizations last year, which was probably an increase of a third on the year before.

There is still growth to come. There is a growing trend for some funds to bring in much bigger sums. Advent Capital raised £36 million in funds early this year and there have been several big fund raisings around the £20 million mark since then.

Mr Tony Lorenz, managing director of Equity Capital for Industry (ECI) who is chairman of the British Venture Capital Association (BVCA), believes that new money raised last year may have been around £300 million and that this could go to £400 million or even £450 million this year.

The expansion of the venture capital industry in Britain is so recent that it was only in 1983 that the BVCA was formed, with 33 fund management groups as founders. Now the membership is 56 and growing.

At the beginning of this year, the BVCA calculated that its members had more than £450 million invested, with a further £150 million in cash ready for suitable investments. Last year, some £217 million was invested, £159 million going to new UK ventures, and a further £58 million overseas, mostly in the US.

Some British venture capital companies are offshoots of American operations, thus providing natural conduits for cash investment from Britain. British funds are also increasingly pushing into the US venture capital market and to a lesser extent Europe.

Falling shares could affect the trend

Among those with investments in the US and elsewhere abroad are Baring Brothers & Quist, Candover Investments, Electra, 3i, Murray Johnstone, Newmarket and the Prudential Group's PruTech. The Water Authority's Supernautica Fund has investments in about as many US companies as it has in British companies but like many institutions it does not seek seats on the company boards and intimate involvement with the running of a company.

Such close involvement in companies, the so-called "hands on" approach, is the hallmark of the new wave of venture capital funds, influenced by American techniques. This and the rapid growth of the venture capital sector is inevitably creating a shortage of fund managers with sufficient background to cope with monitoring of companies invested in.



There are probably less than 50 people with more than five years' experience in the industry, according to Mr Lorenz. But this is only one of the problems posed by the dramatic growth of the industry, he believes. "There is increasing competition to secure the better deals which will put up the price, and so reduce the returns of the funds," he says. "That will disappoint investors. So when the current wave of funds becomes currently invested it will not after that be as easy as in the last five years."

He predicts a shake-out in the industry in two to four years and estimates that if all the small institutional funds and BES operations are counted in, there are probably about 140 funds in Britain. "There is a degree of overcrowding. I will be very surprised if there are 50 to 60 funds in businesses in about five years. For one thing, the BES is unlikely to be around for ever."

But there is no shortage of money for the time being although he believes the institutions, key providers of cash for the venture capital funds, are becoming more choosy.

What worries him is that the shortage will become more serious for experienced fund managers who have been through the discipline of taking a portfolio of companies through an economic downturn. The providers of finance, like the pension funds and other institutions, could grow cool because of a shake-out just when the good funds want to raise more money. It would mean demonstrating superior performance to offset any prejudice like that which might build up, he says. The prudence of experienced managers in the US have an

operating background in industry and commerce while in Britain the majority of managers have come from purely financial backgrounds, he says.

Not enough investment is going into high technology, but to enter such sectors demanded special qualities in fund managers, he points out. "There are dangers in going into high technology but there are successful funds with teams of the right management background plus specialist advisers, so he says."

One way of escaping the overcrowding will be to turn to the regions, he believes. His own company has sponsored finance associations in Bristol and Edinburgh. They are clubs of about six investors with extensive local knowledge that need only take on a professional fund manager as an additional cost in launching a fund to fill the gap in the market for small ticket equity investing investment of £100,000 or less.

Investments are typically from £25,000 to £150,000. ECI itself enters the picture when a growing company needs an injection of £250,000 or more.

This is one way to grow investments rather than wait passively for them to arrive on the doorstep. ECI has also used the club idea to bring in expertise in specialized sectors, notably plant biotechnology and leisure development.

Local enterprise agencies with their pool of industrial expertise could have a role in channelling venture capital, he maintains. A clear illustration of that has already been seen in the pilot schemes recently announced by Rank Xerox Pension Fund which aims to offer investments well under the £100,000 mark to small businesses which will be vetted in the capital by London Enterprise Agency and in the north east by Tyne and Wear Enterprise Trust (Entrust).

At Venture Economics Ms Susan Lloyd, a director, sees the venture capital business as a cyclical one even though such a pattern has yet to show itself in Britain. She believes the trigger for a downturn will be a plunge in the stock market. But rise and fall in the British venture capital market is likely to be a steadier process than in the US where the emphasis on technology stocks has increased volatility, she believes.

Derek Harris
Commercial Editor



A taste of things to come: Patrick Grubb of Fine Vintage Wines, sponsored by Sheppards & Chase and listed among the latest Business Expansion Funds with a minimum investment of £1,000

Hungry for money, spoiled for choice

Venture capital is a misnomer. In a sense, all investments are venture capital - even gilt-edged stock goes into ventures chosen by the Government. The term is really a euphemism for what might be better called Adventure capital, judging by some of the outlandish projects which land on the desks of venture capital managers. That is, of course, to take very much the investor's view of things. Budding entrepreneurs see matters differently. The businessman has yet to be born who does not believe that his idea has the makings of a riskless fortune, if only...

At one time it was hard for someone with useful projects to get beyond the "if only" stage. The stock market was beyond them. True, there were supposed to be whiz-kids in the City who could conjure cash out of thin air, but you had to be in the

know, or so it seemed. The remaining choices were stark. At one end of the spectrum was the much-caricatured bank manager, all pin stripes and pince-nez, pursed lips and fingers pressed together like a church steeple. If you did not belong to the same golf club, then the loan was miserly and the interest/charges began to clock up before you had a chance to dash over to the pub and calm your shattered nerves.

The only alternatives were a rich old aunt with more money than she knew what to do with, or an understanding financial "sugar daddy" with a bottomless pocket and infinite patience.

Since those dark days, the scene has changed out of all recognition. The bank manager has come out of his cupboard, and banks are practically on their knees begging people to

cart the money away at a price. What with the listening bank, the action bank, galloping black stallions and Saturday opening, it has all become quite exhausting.

The recession of the late 1970s taught the banks and others that they could be more creative with money without being reckless. They also realized that it could be very profitable indeed - if you could pick the winners from among the sea of hands that stretch out for help.

But nowadays the bigger problem is that of the small businessman. He has a bewildering choice, and faces an equally vital task of picking the sources of capital which will be right for him. The consideration is as much personal as financial, for it is important to find a lender or investor whose aims are in tune with those of the new



or fledgling business. A good starting point is the public sector and its close kin. The strong suit here is advice continued on page 18

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Wrexham,
London W20 9BH
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Where to get public money

Council for Small Industries in Rural Areas (Cosira): 141 Castle Street, Salisbury, Wiltshire SP1 3TP; (0722) 336555.

British Technology Group: 101 Newington Causeway, London SE1 8NU; (01) 403 6666.

Highlands and Islands Development Board: Bridge House, 27 Bank Street, Inverness IV1 1QR; (0463) 234171.

Scottish Development Agency: 120 Bothwell Street, Glasgow G2 7JP; (041) 248 3700.

Mid Wales Development: Ladywell House, Newtown, Powys, SY16 1JB; (0686) 26965.

Welsh Development Agency's Harlequin Investment Finance: Pearl House, Greyfriars Road, Cardiff CF1 3XX; (0222) 32955.

Industrial Development Board for Northern Ireland: IDB House, 64 Chichester Street, Belfast BT1 4JN; (0232) 233233.

Local Enterprise Development Unit, N. Ireland: Business Centre, 17-19 Denhall Street, Belfast BT2 8XB; (0232) 242583.

Local authorities all down to district council level have power to assist with grants or loans but not all do check specific authorities. Some of the more recently established new towns can also offer help.

Urban Development Corporation: London Docklands Development, West India House, Millwall Dock, London E14 4TJ; (01) 515 3000.

Mersey Valley Development: Royal Liver Building, Pier Head, Liverpool L3 1JE; (051) 236 6990.

Specialist sector schemes: risk aid is available from government sources covering sectors like agriculture, horticulture and some livestock, together with forestry and fishing. Contact Ministry of Agriculture, Fisheries and Food, Great Westminster House, Horseferry Road, London SW1P 2AE; (01) 216 6550.

Forestry: Forestry Commission, 231 Corporation Road, Edinburgh EH12 7AT; (031) 334 0303.

Sea fishing: Sea Fish Industry Authority, Sea Fisheries House, 10 Young Street, Edinburgh EH12 4JQ; (031) 225 2515.

Department of Trade and Industry grant-aided schemes - there have been around 20 - are being repackaged and are still expected to cover a wide variety of sectors including innovation, computer aided design and manufacturing, and various leading technological areas. Inquiries to (01) 215 4021.

Energy conservation: Department of Energy, Coal Firing Unit, South East Regional Office, Charles House, 375 Kensington High Street, London W14 9QH; (01) 603 2060 ext 320.

Regional development grants and selective area assistance: Department of Trade and Industry, Kingsgate House, 66-74 Victoria Street, London SW1E 6SJ; (01) 212 7676.

Extracted from *Official Sources of Finance and Aid for Industry in the UK*, a comprehensive guide by National Westminster Bank, £5.50.

Tax rewards that brought in funds



In this year's Budget, to no one's great surprise, the Chancellor clamped down on business expansion schemes specialising in property development. The year before he had jumped on BES funds investing in farming. The reasons behind these moves illustrate clearly why BES schemes, introduced in 1983, have proved so enormously popular with investors and why the whole BES idea has not fully lived up to government expectations.

BES schemes are a classic example of Tory ideology at work. The intention was to give private investors a tax incentive to put money behind small entrepreneurial businesses which would otherwise have trouble finding much backing. The hope was that so-called "sunrise industries" like high technology companies in particular, which are rarely asset-based, would be given a strong boost. To this end, investors were promised tax relief at their highest marginal rate for the year in which they invested

Huge amounts in the wrong businesses

their money (up to maximum of £40,000) as long as they did not redeem their investment for at least five years. Earlier redemption meant a clawback of tax relief. In return, the money had to be put into businesses approved by the Inland Revenue according to government guidelines. Most schemes required a minimum investment of £500 to £5,000.

The idea caught on fast with investors. In the first year, 1983-84, 23 approved funds which invest in a range of companies raised £32.4 million and even more was brought in by direct issues of shares by qualifying companies. In all, the Inland Revenue estimates that around £80 million was invested in BES qualifying companies during the year.

The following year, 1984-85, saw a higher response. Although all the figures are not yet available, it is already clear that the approved BES funds alone attracted around £43 million of investment. However, the bulk of funds were raised as direct investment in single companies.

An impressive performance. But huge amounts of money were going towards businesses which conformed to govern-



Looking good: John Raper sells spectacles - there are 2,000 shares with a minimum £540 investment in his company Spectacles, and the sponsor is Baden-Powell, Chilcott & Co.

ment guidelines yet were not the kind of operation for which the scheme was really intended. In 1983-84, for example, £17 million went into farming schemes alone. These were highly capitalized, created little new employment and were virtually risk-free. The following year produced an explosion of property, both commercial and residential development schemes. Arguably, these at least created more employment than farming schemes but otherwise they had the same shortcomings.

The attraction of these schemes for investors, however, was obvious. They could benefit from large tax relief while being virtually assured of a good

return as property values rose over the five years of their investment. Moreover, investors in more risky entrepreneurial enterprises could face the possibility of being unable to sell their investments - the shares - if those companies did badly or only moderately well. Property was more likely to be saleable when the time came.

The situation was made worse by the Treasury attitude that direct investment in single projects was preferable to investment through funds offering a portfolio of investments. Few investors have the time or expertise to be confident of putting their whole investment in one company that might prove risky. Consequently, they

went in droves towards the safe property-based BES companies.

The BES funds offering a spread of investments have stuck more closely to the Government's original aims than the single company schemes, but they have been hampered by BES legislation. This allows the tax relief to be taken only in the tax year in which the shares are issued by the companies to the fund managers representing the investors. With a spread of anything between five and 15 companies in his intended portfolio, a manager cannot guarantee that he will receive all the shares in the tax year of the investors' subscription. Choosing suitable companies can be time-consuming. An investor may therefore find that his tax relief for that year is substantially less than he had expected. The worst case for an investor is to find his fund undersubscribed.

The manager's task is made harder by the fact that the fund tends to be launched late in the tax year to allow potential investors to assess their probable overall tax position and whether a BES investment will suit them. This gives the fund managers even less time to pull in the money and make all the investments in the target companies before the tax year ends.

Nevertheless, the BES funds undoubtedly serve a useful purpose. They provide equity finance normally of around £50,000 to £750,000, helping to

fill the gap left between the small company overdraft limits provided by the clearing banks and the very large-scale City funding methods. In 1983-4, for example, all 80 of the companies receiving BES funding of between £100,000 and £250,000 received their money from BES funds rather than single company schemes.

But because the funds have tended to take the Government's aim seriously, there have been inevitable casualties among the higher risk target companies. Out of 205 companies funded by approved BES funds in 1983-84, at least 17 have already been sold at a loss, have ceased trading or have been put into receivership. With more failures almost certain to occur before the five-year period is up, the attractions of safe single property funds were obvious.

If the Government wishes to encourage more investment in higher risk ventures, it will probably have to give more encouragement to the BES funds. The managers have a far better chance of acquiring necessary specialized knowledge about companies than ordinary investors do. For instance, one

Valuable finance where once there was none

BES-funded company last year was Medical Imaging Services, offering a high-tech electronic "computerized tomographic scanning service to hospitals and other users of such diagnostic services". It was, in fact, one of the few high-tech single company schemes launched last year. A manager who can actually meet and talk to such a company has at least a better chance of understanding what this all means and what the risks are than an uninformed investor.

Additionally, managers can provide a back-up service both for their investors and for their target companies. The policy of many managers is to keep in close touch with their companies, offering active advice and having the right to intervene managerially if a company runs into financial trouble. They can also keep investors informed of developments and some even offer to buy in shares from investors after the five years are up if the investor cannot find a market elsewhere.

In return for these services, BES fund managers have often been accused of levying extremely high fees from companies and investors and of taking benefits such as unreasonable high options to buy successful companies' shares at their issue price.

Yet for all their shortcomings, both BES single company schemes and BES funds have undoubtedly helped many small businesses find valuable finance where there was none before. The range of businesses they have helped is astonishing, from high-tech to wine wholesaling, restauranting to contact lens manufacturing, property development to forestry. It is clearly an idea the Government is still willing to fine-tune at this stage rather than abolish.

Richard Thomson

Investors in search of the right takers



The 50 leading venture capital companies which make up the British Venture Capital Association ploughed more than £200 million into various projects last year, of which about three-quarters was in the UK.

Indeed, there is no shortage of cash to spare: it is finding the right investments which is presenting the greatest challenge.

Figures compiled by Venture Economics, the research and consulting group, provide a revealing analysis of how venture capital funds are finding their way into the wheels of industry. They show that during last year, 20 per cent of all financings went into start-up projects while around 50 per cent went into direct expansion schemes. About 14 per cent involved buy-outs or acquisitions. Individual sums invested vary enormously - from £6,000 to £3 million. The average amount invested by members of the BVCA came to £3.87 million.

An analysis of which sectors of the economy benefited shows that companies in the consumer-related fields - leisure, retailing, hotels, food and beverages - received 23 per cent of all investment funds, closely followed by computer-related businesses.

Companies in the electronics sector accounted for just under 10 per cent of investments. In total, 350 companies in the UK received various forms of venture capital financing during the year which probably represents an increase of about 35 per cent on 1983.

But something like 20 or 30 times this number almost certainly fell by the wayside either because their proposals were not sound or the projects failed to arouse the imagination of the sponsors.

Indeed, venture capitalists say that what is lacking in Britain is ideas worth backing and investors capable of becoming successful businessmen. Significantly, a high proportion of venture capital investment is going straight back into projects in which it already has an involvement.

According to figures from Venture Economics, about 16 per cent of capital invested in the UK last year involved follow-on financing to existing portfolio companies. Derek Allam, who runs the Prudential's £40 million Prudential venture capital fund, says the fund expects to invest three quarters of its cash this year, around £10 million, in the 50 companies and projects in which it already has an involvement. He believes that Britain is not producing exciting new companies engaged in new areas of technology as has happened in the United States.

His view, and that of others in the industry, is that there is a lack of budding entrepreneurs coming forward from industry and research areas - and universities - to try to make a success of their ideas.

Part of the problem is that the home market is often not big enough to support many

high technology companies. As a result, many venture capital funds are humping into each other seeking out new opportunities.

For this reason, Equity Capital for Industry, one of the longer established funds, has purposely gone into the "sticks" to look for tomorrow's winners. ECI has taken a 19 per cent stake at a cost of £300,000 in the Avon Enterprise Fund which invests sums of between £50,000 and £150,000 in the West Country, and a similar holding in a Scottish fund, Darnaway, which seeks prospects involving investments of between £25,000 and £200,000.

ECI's view is that these shareholdings enable it to participate in investments which would normally be too small for direct involvement.

ECI's managing director, Tony Lorenz, says: "I think we are going to see more regional funds like these which will have an appeal to local businessmen who might be put off having to deal with London-based funds. There are now around 140 funds altogether and if we all sit back and wait until a company is big enough and proven enough then we will all be competing against each other to pay the same high prices for a stake. We have to be ahead of



the game. At the moment there is just not enough money going into seed businesses."

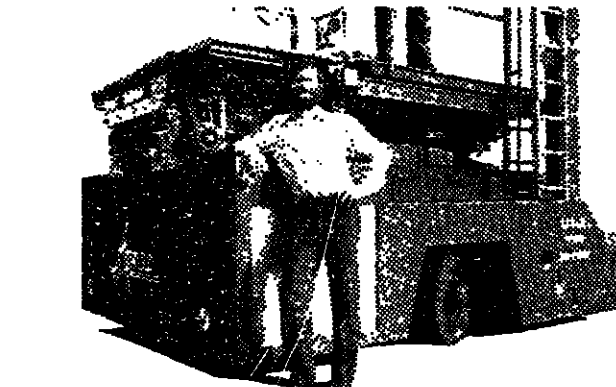
With this in mind, ECI has gone together with the pension funds of British Rail, British Gas and the Water Authorities Superannuation Fund to pump £5 million as the first tranche of seedcorn finance for Prelude Technology of Cambridge. The group has been set up to help technologists turn the germ of an idea in areas ranging from computers to communications into viable propositions. Prelude expects to invest in about four projects in its first year.

Mr Lorenz wants to see more investment in areas of high technology. "I think that venture capital groups have tended to play safe and go for traditional industries where there is much less risk."

Ideally, he would like to see a specialized fund in which government, through tax measures, would match funds from private sources to help new enterprises get off the ground. "There is an imbalance at the moment with too little going into new industries on which future jobs depend."

Cliff Feltham

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"We had just come back from our Xmas break when the collapse was announced. Suddenly, a 200 year old tradition in bookbinding was over and we were on our own. We'd read about GLEB in a union journal, so we put together a rescue plan and went to see them. Our main assets were 42 skilled workers and the goodwill of our customers. GLEB provided extra finance and with the union helped us develop a new style of management. Now we all have a stake in the company and we haven't looked back. You could say GLEB bound us together, saved our jobs and kept alive one of London's oldest craft industries".

Tony Wainwright, Jnr. M.D. Standard Bookbinding

"GLEB provided the perfect recipe for growth"

"We started off in 1977 using all my own recipes. At that time it was mainly East-Asian snacks that appealed to the ethnic population. But as our popularity grew, so did we, and we desperately needed more room. GLEB helped us with a £150,000 loan that will mean more jobs and purpose-built premises - the perfect recipe for growth".

Mrs. Manjia Karis, M.D. Binisa Foods

"We had the capacity - GLEB provided the rest"

"When GLEB acquired recession-hit T.R. Creighton they not only saved the last foundry in London - they saved 75 jobs. Now through an expansionist programme financed by the Boroughs of Barking and Dagenham, and vigorous marketing, we can provide more jobs and take our place as a force in heavy ferrous and lighter non-ferrous casting. We always had the capacity - GLEB provided the rest".

Tony Brookes, M.D. Essex Foundry

"The EEC put its money behind this GLEB high-tech scheme"

"Women have been ignored for too long in the world of information technology. That's why the GLEB launched this training course for women microelectronic technicians, based at the London New Technology Network in Camden. The EEC saw the scheme's value for women and joined the Greater London Training Board in providing financial backing".

Joy Tasker, Course Instructor

"With GLEB's help we can now win a whole new range of contracts"

"We had more print orders than we could cope with. Our turnover had increased five fold in 3 years, but most Banks are simply not interested in providing the sort of development capital that co-ops need. Luckily, GLEB have a less blinkered, longer term view. Their loan of £200,000 meant we could install a four-colour press, trouble our workforce and win a whole new range of contracts".

Tom Reed, Administrator, Lithosphere

"We're working for ourselves. It's a marvellous feeling"

"When our previous employer moved to Crawley, 100 of us couldn't move home. That meant redundancy. Then the GLEB acquired the 25 acre site - and saved our jobs. The new London Production Centre will provide units for London's electronics industry. That will mean 400 jobs when the space is let. Now we are working here in new companies the GLEB has set up through London Production Centre Ltd. And, through a workers' trust, we share in running them. It's a marvellous feeling. We can really achieve something for ourselves, and we are doing our best to make it work".

Ivy Crook, Production Worker, London Production Centre

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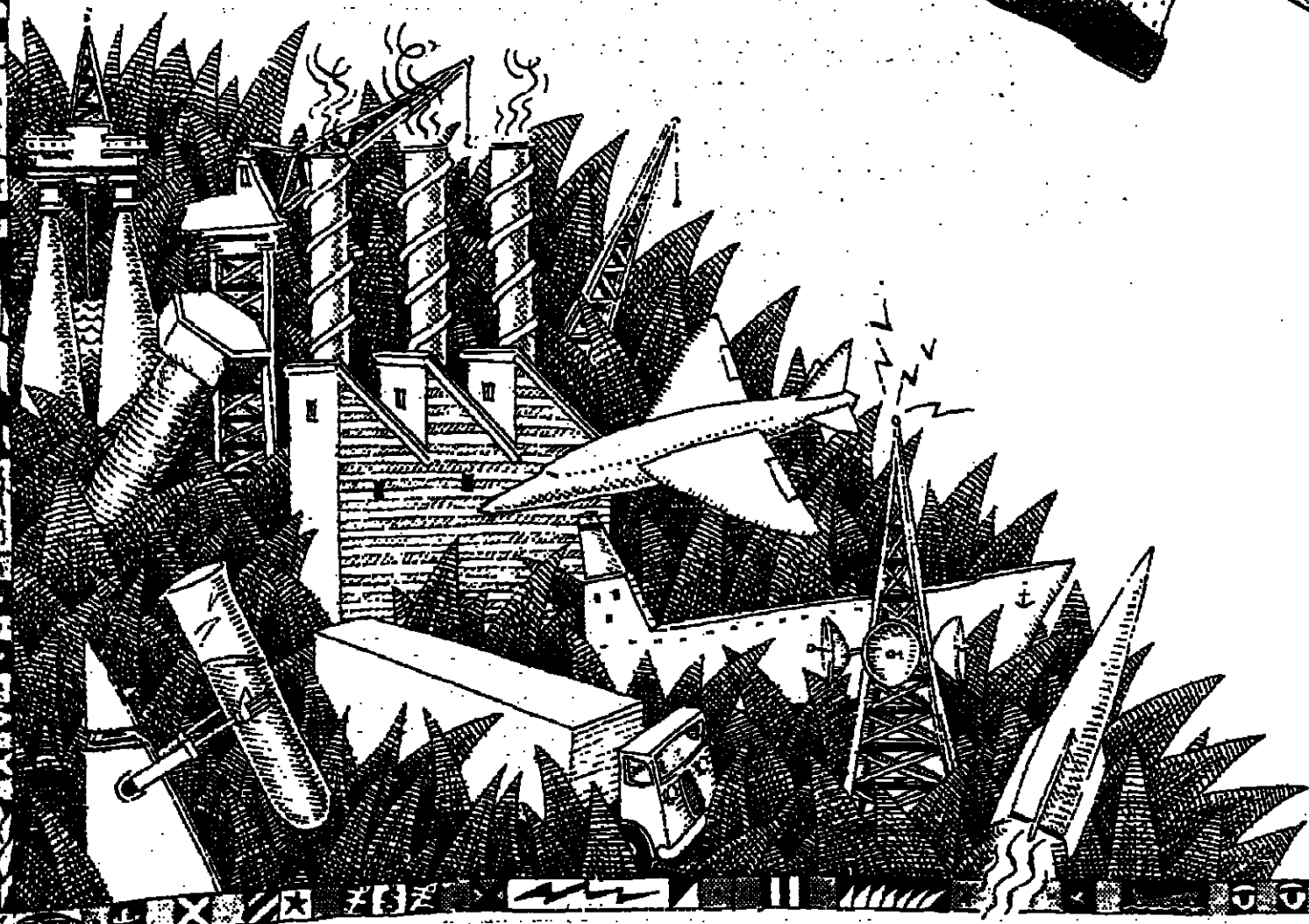
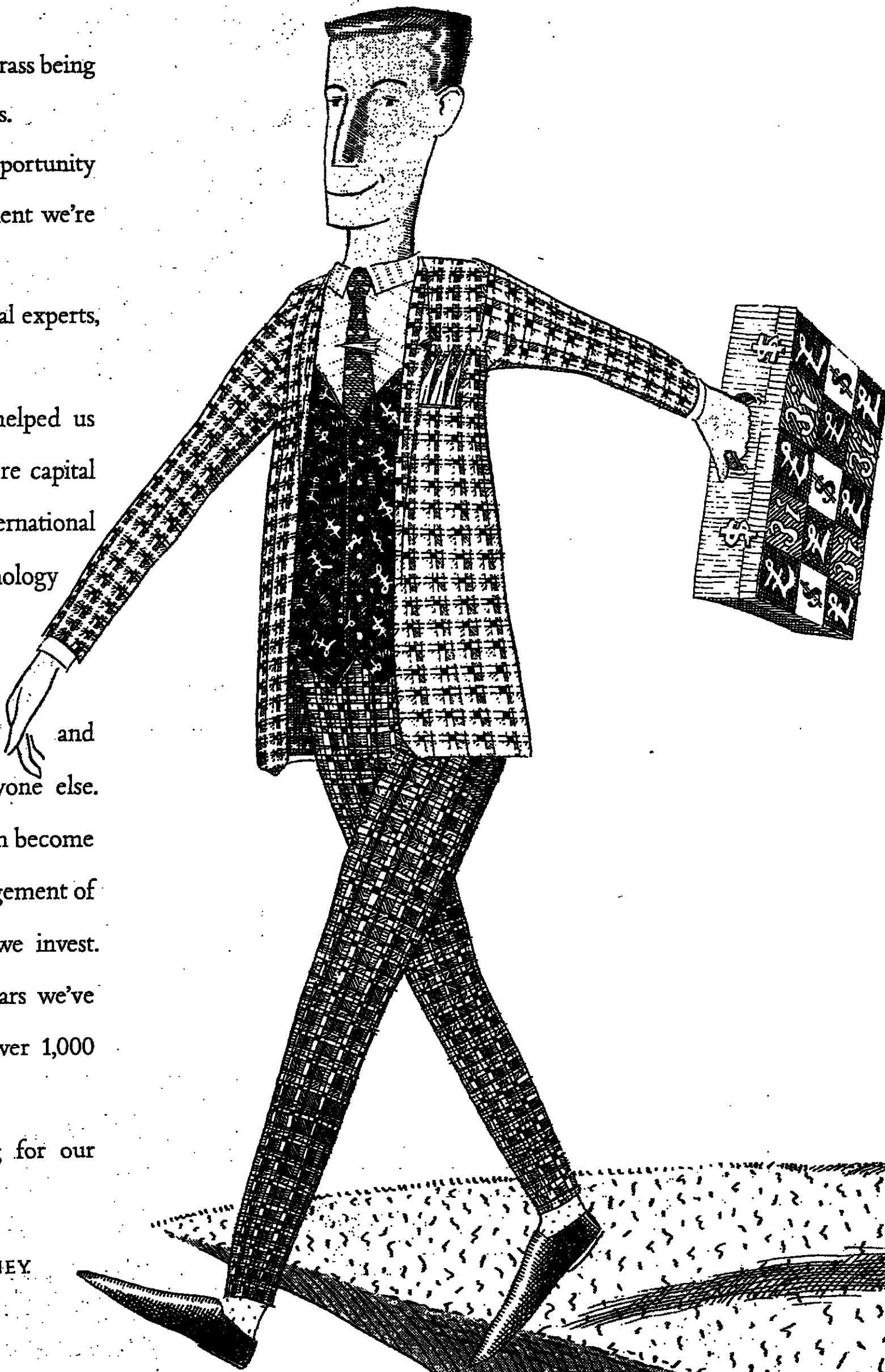
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VENTURE CAPITAL/3

(SPECIAL REPORT)

Sceptics are sold on this market



By the end of this year, a record 125 companies are likely to have joined the Unlisted Securities Market compared with 101 last year. It is strange to consider that when the market started in November 1980, it was viewed with deep scepticism by many City professionals, and has been predicted on many occasions to be heading for a big crash.

Yet the market has now matured into one of the most widely used and popular sources of new equity capital for small businesses. The total amount of new money raised during last year was £261 million and at the last count the total for the first quarter of this year was £75 million.

There has been a noticeable change in the type of companies coming to the market. In the early days, the USM was characterised by a preponderance of oil exploration stocks, and computer and electronic firms, which gave the market its more risky image.

Brian Winterlood, of Bisgood Bishop, the only stockjobbers to make a market in all the companies on the USM, says: "I think that too many high-tech companies could have been the downfall of the market and might have prevented it achieving the mature position it holds today. What we have seen happening recently is a trend towards more people businesses, like advertising and public relations, insurance, and audio visual. There has also been a drift towards more down-to-earth firms like steel stockholding, a maker of remould tyres, a company making door knobs, and an importer of jeans."

It is a measure of the USM's maturity that it has been able to withstand the blow caused by the problems at Acorn Computers, once its biggest company



Tom Wilmut, chairman of Harvard Securities, and Brian Winterlood, of Bisgood Bishop



valued at £217 million. When dealings were halted with its shares at 28p - they had been as low as 23p pending a rescue from the Italian group Olivetti - Acorn was worth just £30 million.

Because of its nature, the USM does have more companies at an early stage of development when things can go wrong and predictions of a bright future can fizzle out in costly failure. Yet since its inception, out of a total of 354 companies (at the last count) which have joined the "club",

USM continues growing - despite a rival

only five have gone out of business while 42 have moved up to a full listing and a further 27 have been taken over or reorganised.

But there is still a body of opinion which says the USM has done well out of spawning paper millionaires for the creators of the businesses but ordinary investors could suffer badly because the market is not equipped to weather a bear market.

Winterlood disagrees. "I

don't think it will suffer in a bear market and will move in line with the main market. When we had a shakeout about 18 months ago, we survived it very well. The baby has grown and become very healthy. The



sponsoring and the vetting of the companies had improved. The firms joining are now much more financially sound than some of those early entrants.

The growth of the USM has continued despite the parallel expansion of the Over the

Counter market, a telephone operation carried on outside the control of the Stock Exchange authorities.

A recent survey by the accountants, Spicer and Pegler, charted the rapid growth of the market which showed that of the 140 companies on the OTM at the end of last October, no less than 110 had been floated in the previous two years. The attraction for investors is that their investments usually qualify for tax relief under the Business Expansion Scheme whereby individuals may deduct the price paid for their shares from their total taxable income as long as they hold on to them for five years.

But critics claim that the market has no overall regulatory body and so many of the companies will not be subjected to the same level of scrutiny as on the USM. In addition, there have been complaints about the way dealers handle transactions for clients. Some people in the City would like to see the USM and the OTM merged into one unified market.

Tom Wilmut, of Harvard Securities, one of the main dealers in OTM stocks, says the market is now at the same stage as the USM was at four years ago and is in fact growing at a faster rate.

What he does believe will happen is that after the so-called "baby boom" on the Stock Exchange, there will be much less interest in handling the flotation of companies of much under £10 million. This could drive many USM entrants into the OTM area. At present, there are 165 companies valued at around £680 million. This compares with a market capitalisation of USM companies of £2.8 billion. Either way, both markets look set to continue providing a useful channel for entrepreneurs wanting to cash in their chips.

Cliff Feltham

"I was worried until my business started to grow. Then I was petrified."

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So many ready to lend cash

continued from page 15

rather than hard cash, but for a new-born entrepreneur, knowledge is as valuable a form of capital as finance.

The Department of Trade and Industry has a small firms section which can handle the more straightforward queries. Allied to it is the Manpower Services Commission, which runs courses on how to get started, and there are regional enterprise boards round the country.

For those who like the idea of a country or small-town setting, the Council for Small Industries in Rural Areas (Cosira) is geared to helping first-time businessmen and can make small loans.

Londoners can turn to the London Enterprise Agency, a sort of private-sector quango. It is run by a consortium of corporate giants - Barclays Bank, British Petroleum, BOC International, General Electric and others. Again it is stronger on words than cash, but its parentage gives Lenta the ability to put small firms in touch with potential backers.

And do not forget the British Venture Capital Association, referred to elsewhere in this survey.

When it comes to choosing a bank, it is worth seeing how they fit into the three broad categories of venture capital. The first are the Business Expansion Scheme funds, which have been an excellent way of attracting money from individuals through the generous tax concessions.

But do bear in mind that the BES can be inflexible. It is quite a job to set up a BES, whether for your firm alone, or for a portfolio of investments, and it may not be so easy to arrange a second or third slab of money in the same way.

BES scheme organizers may have some provision for this

eventuality, but you should explore this line of questioning thoroughly before committing yourself. It is far better to keep all your funding under one umbrella if at all possible, because you do not then have to keep repeating your business story to a new bunch of strange faces.

The obvious answer to that problem is to go to what is in effect a financial supermarket, where in theory there should be something on the shelves to meet your every need.

This category encompasses a wide range of sources, from the mighty 31 to the clearing and merchant banks in the field are Robert Fleming, Schroders, Charterhouse Japhet (now part of Royal Bank of Scotland) and Lazard Brothers through its associated Development Capital Group.

What these groups should be able to do is to tailor a financial package precisely suited to the needs of a particular small business. Apart from putting in a mix of loans and equity, and possibly, some management help, the "supermarkets" can pull down project finance, leasing, hire purchase or even factoring as and when the business needs it.

The biggest venture capital concern is 3i, one of whose specialities is the needs of the smaller firm. This group is owned by the clearing banks and the Bank of England, who in turn put some of their best venture capital people into it. But it may be a little too institutional for some one-man businesses.

The third and final category of venture capital sources are the specialists, those companies which by and large do nothing but invest capital. They may lack the wide shelves of the supermarkets, but they should be able to go out into the marketplace on your behalf to

arrange the more esoteric forms of finance.

At one end of the spectrum is Equity Capital for Industry, a child of the so-called equity gap of the 1970s. Owned by a group of pension funds and other institutions, ECI has become an out-and-out venture capital vehicle.

Some of the bigger institutions, such as Prudential Assurance, have their own venture capital outfit. In the Pru's case it is called Prutech and is angled towards the high-tech sector.

Beyond that are a large number of private enterprise funds such as Baronsmead Associates, which raised £23 million last month through a placing organized by Cazenove & Co, the stockbrokers.

A problem faced by some of the stand-alone funds is that it is hard to maintain cash flow in the early years, when the investments have yet to bear fruit.

Baronsmead has got round this by floating an interest-free convertible loan stock. But again, it is something for the would-be borrower to watch out for.

In the end, though, there is no substitute for face-to-face contact. A good opportunity for that arises next month, when the Self-Help '85 exhibition takes place at the Wembley Conference Centre. It is being held on June 14 and 15, and entry is free.

William Kay
City Editor

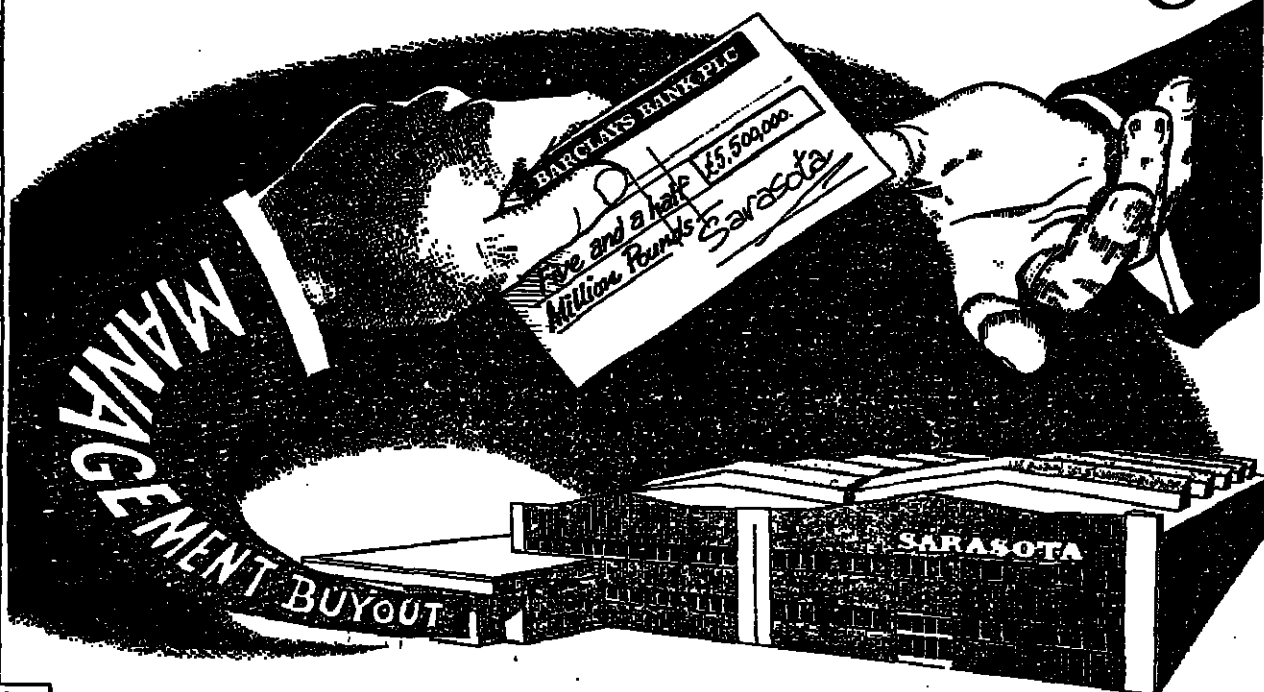
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Sarasota's next good idea was to contact Arthur Young.



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سازمان تامین اجتماعی

How to brew up pints of pub profit

Ma Pardoe's, otherwise The Old Swan Inn and brewery at Netherton between Birmingham and Wolverhampton, came under a new and expansionist management at the end of last month thanks to an unusual venture capital deal.

It has involved Mercia Venture Capital, a West Midlands group, with a hand from CAMRA (Campaign for Real Ale). CAMRA in 100 Classic Pubs in the Heart of England says a reasonable pub guide would list the Old Swan. It has been in CAMRA's Grand Beer Guide from the start for 10 years or more - because of the consistent quality of its beer described as "a beautiful, straw-coloured, malty, light bitter".

The pub with its adjacent brewery is said to be the only remaining Black Country home-brew house. Mercia was partly enticed by what is described as the opportunity to develop a part of local tradition and folklore which also has national appeal. Real ale enthusiasts travel from far and wide to Netherton.

The pub and brewery meant a gamble by Mercia, admits Don Houlihan, Mercia's projects executive.

This was because Mercia had to act quickly when The Old Swan came up for sale. The pub and brewery are more than 100 years old and in 1932 the tenancy went to Frederick and Doris Pardoe. Doris, known by everybody as Ma Pardoe, outlived her husband by 32 years and then herself died last year.

The pub, brewery and two other adjacent properties were on the market as part of the Pardoe estate sale. For £110,000 Mercia had the pub and brewery, adjacent properties with which to expand the pub premises, and the right to the Ma Pardoe name.

That was when the Netherton Ales company was born. Mercia offered up to £25,000 in shares for public subscription, with Mercia taking up another £40,000 worth on behalf of investors and CAMRA taking a further stake worth £10,000. The chairman of Netherton is Mercia's managing director, Bob Barnsley. CAMRA as a company holds a directorship.

It means Netherton is capitalized at a total of £275,000, providing, after meeting the £110,000 initial cost laid out by Mercia, the spare cash needed for turning the adjoining shop properties into an extension of The Old Swan.

The bar will be bigger and there will be an eating area.

The Netherton plan is to keep The Old Swan's character. The pub grub there will run to faggots and peas or black pudding. The old coal stove will stay, says Mr Houlihan. So will the tiled ceiling with its swan motif.

It is something of a people's pub because of the way shares were sold, says Mr Houlihan. The bulk of the £25,000 came from investors benefiting from the Business Expansion Scheme with its tax advantages. But the minimum investment had been pitched at £50 (minimum investment under the BES is £500) and out of Netherton's 400 shareholders several hundred have stakes of between £50 and £100.

Many were regulars who liked the idea of owning a bit of The Old Swan. The Old Swan's far-flung popularity meant regulars came from a wide area particularly of the West Midlands. One advantage Mr Houlihan sees is that such share stakes give The Old Swan a lot of captive customers.

He added: "We have shareholders from as far apart as Korea, the United States and West Germany. The man from Germany comes over regularly."

In the first trading year, which will end in April 1986, sales are being projected as £132,000, with a trading profit expected of about £3,000. Banking for the moment of subscribed capital will bump up net profits before tax to £24,000. By 1988 when the improvements will have been largely made and paid for, sales are expected to treble and pre-tax profits to be about £45,000. By 1990 sales of £463,000 are being forecast with pre-tax profits up substantially to £81,000.

At the moment a pint of Ma Pardoe's bitter costs only 60p but it is so long since there was a brewery rise that the price is under review. It is the only brew at The Old Swan's brewery.

Tim Newey is the manager of The Old Swan. He is an experienced publican; the quality of the ale is in the hands of George Cooksey, whose father was brewer at The Old Swan before him.

Perhaps the Ma Pardoe range of ales will be expanded. But Mr Houlihan said: "That's not yet. We have to learn to walk before we run."

DH

Open for business: The pub and brewery built up by the late Ma Pardoe



The big four banks get in on the act

The clearing banks have long had a toehold in the venture capital industry through their shareholdings in investors in Industry (31). But not until 1968 were any involved directly. Midland Bank was first to start providing equity finance for private companies, closely followed by National Westminster with the formation of County Bank.

Since then the clearing banks have emerged as significant players in the market. Increasingly they find themselves in direct competition with the venture capital pioneer which they helped to spawn: one reason apart from financial need why the likes of Midland Bank have been keen to realize their stake in 31.

The big four now have their own venture or development capital subsidiaries. Barclays Development Capital, specializing at the bigger end of the market, was set up in 1979. Lloyds Bank established Pegasus Holdings as recently as 1981.

"Lloyds came to realize there was a significant gap in its armoury," says Ron Hollidge, the general manager of Pegasus.

Since 1980 Citicorp, a recent addition to the ranks of United Kingdom clearing banks, has also been active in this country through Citicorp Venture Capital. In the United States it is one of the largest institutional investors and it has brought the thrusting, hands-on American approach to venture capital with it.

By contrast, the equity arms of the British clearing banks prefer a more hands-off approach. None want controlling stakes in the companies in which they invest and although typically they want to appoint a non-executive director to the board, this is not always the case.

"We often have the right, we very seldom exert it. Even less frequently do we have people from County Bank on the board," says Mr Andrew Davidson, a director of CBDC.

'Pro-active' approach in the company

However, CBDC may help in recommending outsiders to the board and the hands-off approach in no way precludes careful monitoring of a company's performance through provision of regular financial statements, or giving advice when required.

At Citicorp Venture Capital, the tone is very different. Although it takes only minority stakes, CVC insists on what is known in the American jargon as the "pro-active" approach, actively participating in the affairs of the company. It appoints directors from its in-house team of experts recruited from outside the bank, and they play a near-executive function which could involve providing commercial, financial or marketing assistance.

In the venture capital world, there is no shortage of applicants seeking equity finance: just a shortage of good applicants. Typically, 1 to 3 per cent of the numerous applicants for funds become investments and the cost of processing and evaluating propositions militates against very small investments and start-ups too.

Consequently, the clearing banks prefer investments of at least £250,000 and for some, the average investment is £500,000 or more. Neither Pegasus nor Barclays Development Capital, for instance, do start-ups and BDC stipulates at least pre-tax profits of at least £100,000.

The proportionately high cost of making small investments is one reason why all the clearing banks are eagerly involved in the management buy-outs which have been so fashionable of late. The sums tend to be large and the clearers are well placed because their equity arms can draw on the rest of the group to provide loan finance and working capital to complete the package.

Midland Bank Equity Group and CBDC vie for second place in this market after 31. CVC has

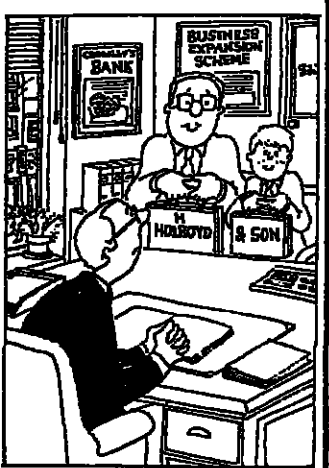
been involved in a number of big leveraged deals. BDC has National Freight Consortium to its credit and Pegasus has also been involved in a number. Where the sums are particularly large, there is a growing trend towards syndicated deals among venture capital companies.

Although the venture capital arms of some of the banks will invest as little as £100,000 and both CVC and CBDC will back start-ups sometimes, only Midland Bank Equity Group operates at the very small end of the market. Comprising a number of different investment companies including joint ventures with several pension funds, MBEG has made about 60 investments under £150,000.

"The smallest investment we've actually done is £20,000 and we've done quite a number of them," says Mr David Hutchings, a director of the group. For these small deals MBEG adopts a portfolio-style approach to the investments, does not appoint directors and has developed simplified procedures and a special monitoring process which, it believes, is as effective as having a representative on the board.

MBEG prefers to obtain a running yield on its investments, although like the equity arms of all the British clearing banks it is flexible about how it obtains a return on its investment. Dividends might be foregone in the initial stages and often, the investors' return will be taken in a combination of yield and capital investment should a company be looking for a listing some time later.

However, the British banks are prepared to stay invested virtually indefinitely if the yield is satisfactory and will not push companies to the stock market or USM in order to realize their stake.

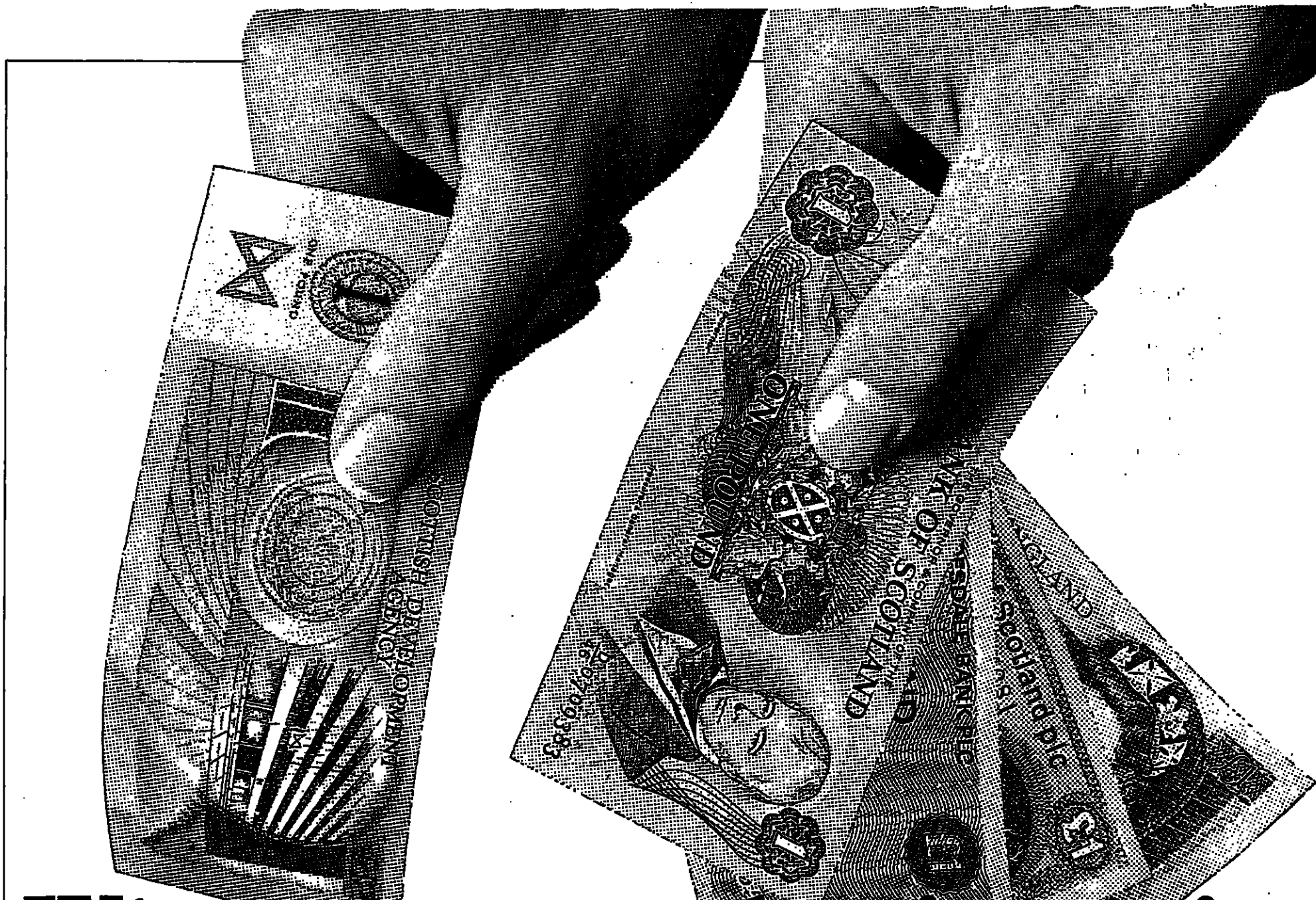


In this respect, Citicorp Venture Capital is different. It is not particularly interested in an income stream but wants capital gains from a steady stream of realizations. It has not set a time frame and is prepared to wait, seeing itself as a source of long-term capital. But it usually expects the return to come through capital gain when a company floats on the stock market or USM. It looks for highly motivated management teams who perhaps want to build up capital for themselves.

The small firms loan guarantee scheme, whose long-term future looks increasingly in doubt, has been used by the branch banking sides of the clearing banks to help plug the gap in financing needs for small companies. Some critics of the scheme have argued that the LGS has been used as a poor substitute for equity finance and some of the equity arms of the clearing banks will refer propositions for small sums to the branch bank where they might be offered LGS support or finance through the Business Expansion Scheme.

Since the LGS was toughened with the reduction in the government-guaranteed proportion of the loan from 80 to 70 per cent and increase in the premium charged, there has been a sharp fall-off in the amount of business being done. At National Westminster, for instance, which has approved loans worth £140 million, the volume of business being done has more than halved since the middle of last year. NatWest's experience is fairly typical of the other banks.

Peter Wilson-Smith
Banking Correspondent



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The difference being that OSB can be made from much smaller logs than plywood. Just the kind of logs that Scotland has in abundance.

As luck would have it, Mr Godfrey had already set up an OSB mill in Maine, USA.

So, without further ado, he contacted the SDA with a view to establishing a similar plant in Scotland.

After investigating the idea, we were delighted to help. We invested £750,000 of the £125 million required, most of which came from the private sector.

The new plant is due to start making OSB in 1985, creating 90 new jobs.

But that's not all. It will also help Britain's balance of payments, since until now almost 100% of plywood used in the UK has been imported.

GROW, BABYGRO.

To all appearances, Babygro had everything going for them.

A reputation for quality babywear so strong that their name was virtually a generic term for such clothing.

A dominant position in the UK babywear market, with a 14% slice of the £66 million cake.

And modern, well-equipped factories. Why, then, had they been experiencing substantial losses?

To find out, we offered the help of our Corporate Services Division.

Following their investigations, a review was produced which forecast a £1 million loss if no action was taken. Not unnaturally, Babygro's bankers decided it was time to solve the problem.

With help from specialist textile and general consultants, the company was bought from its American owners, a new management team installed, and risk capital raised from the SDA and two like-minded partners from the private sector.

How successful has the cure been?

Well, from a projected loss of £1 million, Babygro have recovered profitability and are now looking forward to further development.

The company, it seems, is growing as fast as its customers.

WHO SAYS THERE'S NO MONEY IN BIOTECHNOLOGY?

Right now, only a handful of companies in the world are making money out of biotechnology.

So when Livingston-based Cruachem asked us for finance to manufacture a new range of chemicals aimed at that particular sector, we were even more cautious than usual.

We went through their plans with a fine tooth-comb, before we were finally convinced.

And then not only did we back them, we persuaded one of our private sector partners to do likewise.

Has our investment paid off?

Well, Cruachem now have a US subsidiary distributing and selling the chemicals they make in Livingston. They have customers from Scandinavia to Australia and Asia.

They are all set to manufacture the very latest 'gene machines'.

But above all, they are among the few companies in the world to be making big profits out of biotechnology.

NOW THAT WE'VE HELPED THEM, HOW CAN WE HELP YOU?

As we've demonstrated, the SDA has been able to help a range of companies from new ventures to more mature companies requiring development finance.

We're confident we can help you too; we can certainly advise you.

Although you may well ask why a publicly owned operation should be any better qualified than the private sector.

To such questions, we give the following answers: Firstly, we have to be seen to try harder. To this end, we will spend time and money thoroughly appraising an idea and talking in depth to the people involved.

(Once we have done our homework, however, we are remarkably fast at making a decision, and implementing it.)

Secondly, being first and foremost a development agency, we are prepared to accept a higher risk to get a desirable project off the ground.

Thirdly, we will do more to help you than any conventional backer because we have a vested interest in the success of businesses in Scotland.

And finally, having operated on both sides of the investment fence, our staff have contacts both in and out of the private sector. We therefore have the flexibility to combine the best that private and public have to offer.

All these policies, as we've seen, have been extremely valuable to Scotland.

Perhaps the time is right to find out just what they could be worth to you.

Investment Division

120 Bothwell Street, Glasgow G2 7JP Telephone 041 248 2700.



THE TIMES Portfolio

From your Portfolio card check your eight share price movements. Add them up to give you your overall total. Check this against the daily dividend figure published on this page. If it matches you have won outright or a share of the total daily prize money stated. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

STOCK EXCHANGE PRICES

Firm trend continues

ACCOUNT DAYS: Dealings Began, April 29. Dealings End, Today. 5 Contango Day, May 13. Settlement Day, May 20. 5 Forward bargains are permitted on two previous days.

THE TIMES Portfolio

DAILY DIVIDEND
£2.000

Claims required for
+43 points
Claimants should ring 0254-53272

No.	Company	Price	Change	Yld	P.E.
1	Electricals				
2	Memec	104.0	+1.0	12.0	8.8
3	Crystalline	104.0	+1.0	12.0	8.8
4	Luc Refrigeration	104.0	+1.0	12.0	8.8
5	Int Signal & Control	104.0	+1.0	12.0	8.8
6	Unitech	104.0	+1.0	12.0	8.8
7	Re Telecom 50p F	104.0	+1.0	12.0	8.8
8	UEI	104.0	+1.0	12.0	8.8
9	Audio Fidelity	104.0	+1.0	12.0	8.8
10	Brown Boveri Kent	104.0	+1.0	12.0	8.8
11	INDUSTRIALS A-D				
12	Bridon	104.0	+1.0	12.0	8.8
13	Adress	104.0	+1.0	12.0	8.8
14	Bentley	104.0	+1.0	12.0	8.8
15	Christie Int	104.0	+1.0	12.0	8.8
16	Birmingham Mnt	104.0	+1.0	12.0	8.8
17	Alexandra Wwear	104.0	+1.0	12.0	8.8
18	Clayton Son	104.0	+1.0	12.0	8.8
19	BOC	104.0	+1.0	12.0	8.8
20	Castrol	104.0	+1.0	12.0	8.8
21	Cross Nicholson	104.0	+1.0	12.0	8.8
22	DRAPERY & STORES				
23	Stamper	104.0	+1.0	12.0	8.8
24	Mallett Leisure	104.0	+1.0	12.0	8.8
25	Drum	104.0	+1.0	12.0	8.8
26	Goldsmiths Gp	104.0	+1.0	12.0	8.8
27	Ward White	104.0	+1.0	12.0	8.8
28	Marks & Spencer	104.0	+1.0	12.0	8.8
29	Dunhill	104.0	+1.0	12.0	8.8
30	Smiths (W) A	104.0	+1.0	12.0	8.8
31	Variety Vytella	104.0	+1.0	12.0	8.8
32	Hepworth UJ	104.0	+1.0	12.0	8.8
33	BUILDING AND ROADS				
34	Lille (F&C)	104.0	+1.0	12.0	8.8
35	Brickhouse Dudley	104.0	+1.0	12.0	8.8
36	Baggebeck Beck	104.0	+1.0	12.0	8.8
37	Rei Bros	104.0	+1.0	12.0	8.8
38	Brecon & Cloud Hill	104.0	+1.0	12.0	8.8
39	McAlpine (Africa)	104.0	+1.0	12.0	8.8
40	Cunder Int	104.0	+1.0	12.0	8.8
41	Lam UJ	104.0	+1.0	12.0	8.8
42	Blue Circle	104.0	+1.0	12.0	8.8
43	Times Newspapers Limited Year Daily Total	104.0	+1.0	12.0	8.8

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INDEX-LINKED

43%	41%	Conv	3 1/2%	23	-	8,271	8,271
39%	38%	Treas	3%	28	-	10,486	10,486
40%	23%	Consols	2 1/2%	24	-	16,412	10,548
26%	25%	Treas	2 1/2%	24	+	10,479	10,479

NDX- <u>LINKED</u>								
11%	105%	Treas IL	2 1/2%	1385	110%	-	2,151	4,946
97%	91%	Treas IL	1990	86	-	-	2,216	4,391
14%	106	Treas IL	1995	110	-	-	2,404	3,946

FINANCE AND INDUSTRY

Executive Editor Kenneth Fleet

Envy and fear in the Stock Exchange

Like the king who willed the waters to recede, a minority of Stock Exchange members is demanding that the tide of change should stop, as if that were in their power, or crazier still, in the power of their ruling Council. They are noisy, even abusive, in their opposition to proposed changes in the Stock Exchange rules. Unfortunately, coherent, let alone convincing, argument is conspicuously absent.

Manifestly most are driven by jealousy and envy of fellow members who have made lucrative arrangements with powerful non-members to secure their future. Understandably perhaps: the shameful dimension is their fear of competition. Shameful that is, because stockbrokers are at the heart of market capitalism, whose primary virtue is competitiveness. They are meant to believe in competition: it appears that they may believe in it for others but not for themselves.

The most charitable view of those who say they will vote against changes in the Stock Exchange rules on June 4 is that they are confused. However they vote, the big battalions of British and foreign banks, American investment houses and big broking firms will continue their march.

The old system of agent broker and principal jobber will fade away. The cosy era of minimum stockbrokers' commissions will be abandoned.

Members have only one real choice to make: do they wish as much of the existing and future securities business as possible to remain within the confines of the Stock Exchange, or do they want it to be done outside the Stock Exchange? The Stock Exchange Council, castigated as callous, and worse, by the indignant minority, believes that it is in all their members' interest to save the market from fragmentation and loss of business to outsiders.

George Nissen, senior partner of the stockbrokers Pender & Boyle, and a man who has laboured hard to devise rule changes that are both realistic and fair, puts his finger on the central dilemma: "The Stock Exchange has no monopoly over trading in securities."

He goes on: "The Bank of England is prepared to promote the Stock Exchange's central market in gilts to a quasi monopoly for which we should all be most grateful... because it sets a pattern for the development of other markets."

"What is not easy to understand is that Stock Exchange diehards can still believe that it would be better for the Bank to take the gilt-edged market outside the Exchange - neglecting not only that up to a quarter of bargains on a normal day, representing over 75 per cent of the value of total turnover, but also that it would become almost impossible to hold the equity market together by itself."

It really is time for the "diehards" to grasp the realities of their situation. At the most basic level of stockbroker thinking, they should know that they will have a better chance of making money out of their council's proposals than they would if their misguided efforts to stem the tide of events should, be some strange mischance, succeed.

The big player's watchword is profit

As is expected from one of the big battalion commanders, Lord Camoys, who as vice-chairman of Barclays Merchant Bank, is masterminding the wedding together of Barclays de Zoete Wedd (BZW), takes a positive view of the future. "We are definitely out to make profits from the word go," he said yesterday of the venture into gilts market-making to which BZW will commit at least £25 million of capital, more if need be.

His confidence is based on the fact that BZW will be one of the big players in the market with whom people will want to deal. He also expects the new system to lead to increased liquidity which will make the market safer because it will be easier to offload positions.

BZW will be capitalized initially at about

£200 million to £220 million. Barclays Bank will initially own 75 per cent with the rest in the hands of partners of Wedd Durlacher and de Zoete & Bevan, but their minority stake may fall if and when Barclays injects further capital.

As part of the restructuring, some of Barclays Merchant Bank's assets, such as its acceptance, will be shifted into the clearing bank. This will ensure that the bulk of its capital is available to support the securities operations. The loan book will total only about £850 million.

The capital of County Bank, the NatWest subsidiary, is due to be increased to at least £150 million to £200 million to accommodate its initial thrust into the securities business and it is seeking out to become one of the top five investment banks in Europe.

On the international front, de Zoete & Bevan is about to open a representative office in Japan although permission from the Japanese authorities to graduate to branch status will probably be a long way off. In the US, BZW believes it needs to be in the US government securities market, eventually as a primary dealer. The odds must be on an acquisition in New York, given the difficulties of growing something from new.

Royal Bank bubbles with change

The Royal Bank of Scotland is in the throes of an extraordinary period of change. In the last six months, the RBS has purchased merchant bankers Charterhouse Japhet, raised £115 million through a rights issue, invested £20 million in its new insurance venture, floated a £200 million floating rate note issue and sold out of its Lloyds and Scottish stake.

The good news is that such a rush of blood to the corporate head has actually boosted the corporate wallet. Interim profits for the six months to March 31, announced yesterday, were quite sharply higher than market expectations, at £76 million. The market now hopes for a full year profits gain of some £35 million to about £165 million. The interim dividend goes up from 3.3p to 3.6p.

Yesterday, RBS executives were bubbling over the enthusiasm for the future on the back of the good interim results. Group claims of a big rise in the customer base - personal current accounts have risen by 30 per cent in England and Wales recently - show through in the near £40 million rise in net interest income to £197.4 million. Personal sector demand for credit has boomed, and the Royal Bank has benefited handsomely from higher base rates. Only a £9 million rise in bad debt provisions to £26.6 million, as British industry feels the pinch, mars the happy picture.

To a large extent, the stock market has warmed to the group. At 288p, unchanged yesterday on the results, the shares have outperformed recently, to such an extent that purely in stock market value terms, the Royal Bank is actually worth fractionally more than Midland Bank. Capitalized at £814 million, RBS is just £3 million ahead of Midland. Although far smaller on other criteria, like profits and deposits, relative stock market rankings at least justifies the RBS claim to be treated as a fully paid up member of the Big Five clearing banks - a which RBS made quite forcefully.

Thereby, however, hangs a tale, an attitude and something of a risk. The recent pace of change is not yet over for the Royal Bank. On September 30, it completes its merger with Williams and Glyn's Bank, after receiving Royal Assent to the necessary Act of Parliament. The merger will be affected by the conversion of all the W&G branches to a Royal Bank livery at some point during the week-end of September 28 to 29. There is a risk of alienating some of the W&G clientele via this move is freely conceded by Royal Bank executives, who nevertheless consider that very few accounts will be lost.

Sir Freddie 'poised to settle for \$8m'

From Bailey Morris, Washington

Private settlement of the \$1 billion £813 million Laker Airways case against British Airways and other airlines almost assured within a fortnight as both parties work to tie up a deal which is 90 per cent complete, sources said yesterday.

The £63 million out-of-court settlement proposed by BA and other airlines to the Laker creditors includes a payment of between \$8 million and \$9 million to Sir Freddie Laker.

Airline and government officials had expected final approval of the deal on

Wednesday when a private meeting was held in the chamber of Judge Harold Greene of the Federal Court in Washington. But Sir Freddie and lawyers for the Laker liquidators wanted more time to study minor details, sources said.

Settlement of the long-standing anti-trust case would allow British Airways to clear a big hurdle in its move toward privatization, but it would not remove all the remaining obstacles which include a class action case filed on behalf of passengers on transatlantic runs formerly served by Laker.

Barter credit service

Companies worried about how to dispose of unwanted assets and stocks without knocking too big a hole in their profits or balance sheets are now offered a range of asset realization and counter-trade services by Integrated Asset Management, a new subsidiary of Integrated Barter International, the American group, writes Michael Prest.

Barter offers companies wishing to dispose of assets, cash and credits for supplies and services. Companies receive full retail value of their stocks and arm's length pricing of credit services.

IBI is just completing a reorganization which brings together a clutch of companies in the field. But the *pro forma* figures for the year to the end of June 1984 show net earnings of \$9 million (£7.25 million).

Intasun and Ramada to invest £100m in joint hotel ventures

By Derek Harris Commercial Editor

Intasun Leisure's deal with Ramada Hotels to build a British hotel chain under the Ramada banner, confirmed yesterday in a joint announcement, puts Intasun well up in the hotel league, above the expansionist Queens Moat Houses but a little below the Mount Charlotte group, according to Mr Harry Goodman, Intasun's chairman.

Intasun already has a joint venture with Ladbroke Hotels for expansion abroad. This and the Ramada deal could mean Intasun would have a substantial stake in about 3,000 hotel bedrooms over the next 18 months.

Intasun and Ramada are setting up two joint venture companies. One will buy and develop hotels in Britain, capitalized initially at £35 million but immediately able to have at least £100 million in eight to 10 hotels in London



Harry Goodman: More projects likely

and the provinces in the next three to four years.

The proportionate funding for the £35 million was to have put in about 80 per cent.

In individual hotel deals by the joint company, Intasun will have the larger shareholding but the stakes by Intasun and Ramada could vary, with other

investors likely to be involved in some projects.

A management company, with Intasun and Ramada having equal stakes and profit sharing, will run the joint venture hotels under the Ramada banner and control.

Ramada, which is based in Arizona, gains the advantage of faster penetration of the British market - now a key target for the chain, the world's third-largest.

Ramada, like other American chains, has in the past set up individual financing packages for new projects. Ramada has one Ramada Hotel in the four-star bracket already operating in Reading and another, a Ramada Renaissance in the five-star category, is being built in Brighton.

These will be managed by the new joint management company and so will Intasun's 300-room London Barbican hotel which, after refurbishment, will become a Ramada Inn in the three-to-four star category. Negotiations are already

being held on new projects and announcements are likely within weeks, Mr Goodman said.

While the package holiday market this summer is down by about a quarter, Intasun has a shortfall of only 11 per cent and hopes to finish the season with total carryings of holidaymakers "somewhat up" on last year, Mr Peter Smith, Intasun's Managing Director said.

Bookings were up dramatically, the Spanish bombings had made no dent, and it looked as if profit margins would be about the same as last year, he added.

Mr Errol Cossey has resigned as managing director of Intasun's Air Europe, and as an Intasun group director. Mr Cossey built up Air Europe into a charter airline, with a high reputation. Last year, its operations were cut back. There is no golden handshake, Mr Goodman said, but Mr Cossey will remain a consultant on aviation special projects.

Jaguar to seek US listing

By Jeremy Warner

Jaguar, the newly privatized luxury car group, is to seek an American listing for its shares in the next year, the group's chairman, Mr John Egan, said yesterday.

More than 20 per cent of the company's shares are held in the United States in the form of unsponsored American Depositary Receipts.

Mr Egan said he intended to seek a listing on Nasdaq, the American over-the-counter market network, for these shares through one sponsored bank.

The four banks which at present trade the ADRs, Morgan Guaranty, Bank of New York, Citibank and Irving Bank, have been asked to quote.

Mr Egan made his comments at the group's annual meeting in London.

Mr Egan said that the group would be strengthening its board, which has been depleted by the resignation this year of two non-executives, Mr Hamish Orr-Ewing and Mr Ray Horrocks. Mr Horrocks, who is chief executive of cars at BL, Jaguar's former parent group, resigned unexpectedly on Tuesday.

£40.7m profits help Debenhams defence

By Patricia Wheatcroft

Debenhams yesterday reported profits up by nearly a quarter to £40.7 million and launched a counter-offensive against the would-be bidders who have been prowling around the company.

The dividend is raised by 13 per cent to 8.5p; there is a one-for-five scrip issue and Mr Robert Thornton, the chairman, is making extremely optimistic comments about this year.

Debenhams, with 67 stores, produced increased profits in almost every division in the year to the beginning of February. Womenswear did particularly well despite the competition from specialist retailers.

Welbeck Finance, the company's credit business, raised its profits from £17 million to £20.7 million after costs of more than £1 million were incurred in its move to new headquarters.

The disappointing area was furnishing and electricals where the joint venture companies set up with Harris Queensway failed to produce the impact Debenhams had hoped for. The joint ventures lost the company £1.6 million in their eight



Robert Thornton: Planning more selling space

months of operation but will make a profit this year, according to Mr Thornton.

Now Debenhams is looking for more selling space. Mr Thornton plans to add 2 million square feet to his chain and already has more than 600,000 square feet tied up.

The company has just opened its first "satellite" small store in York and there are likely to be more.

Financial services will be a main area of expansion. Welbeck is a licensed deposit taker, and Mr Thornton envisages offering customers a full banking service soon.

Royal loss increases by £17m

By Richard Thomson

Royal Insurance fell further into the red yesterday with a £17 million increase in pretax losses for the first quarter of this year to £37.3 million, compared with a £20.4 million loss over the same period last year.

The result, which had been widely expected, was mainly due to a second year of unusually high worldwide weather underwriting losses, amounting to £50 million over the quarter. About 31 million was incurred in Britain.

Mr Alan Horsford, chief executive, described the losses as a disproportionate share of the £90 million weather loss estimated by the company for the whole year.

Royal's pretax loss in the United States remained almost unchanged at £27.3 million, compared with £27.7 million last year as insurance premium rates increased. But in Britain bad weather pushed losses up from £7.9 million to £11.2 million. Royal's operations in Australia and Canada produced increased losses.

There was a sharp increase in premium income worldwide of 36 per cent in sterling terms, to £712.5 million.

IN BRIEF

Pound up 3.4 cents

The pound rose by 3.4 cents to \$1.2387 yesterday, as the dollar fell against all currencies. The sterling index rose 0.4 to 77.5. The dollar's decline, which included a fall in Europe from DM3.1965 to DM3.1115, was due to renewed expectations of lower US interest rates and slower US economic growth. Later in New York, the pound was quoted at \$1.2398.

The pound was helped by firmer spot oil prices, with the price of Brent crude moving back above \$26 a barrel, and the view that, after the large rise in money supply announced on Tuesday, interest rates in Britain will not be reduced yet.

Money market rates were little changed yesterday, in spite of the strong pound. The three-month interbank closed at 12 1/2-12 3/4 per cent. *Shahid of barter, page 25*

AE rises 37%

AE, the engine components group, continued its recovery in the half year to the end of last March when pretax profits rose 37 per cent from £8.2 million to £11.2 million. The interim dividend is raised from 1.75p to 2p. *Tempus, page 29*

Stakis soars

Stakis, the Scottish based hotels, casinos, and off-licence chain, increased interim profits by 34 per cent to £5.4 million. Turnover was up from £66 million to almost £70 million. *Tempus, page 29*

Alfayed's 95.4%

Acceptances of the offer for ordinary shares of House of Fraser, together with those required by Alfayed Investment and Trust (UK), represent 95.4 per cent. Alfayed will apply to acquire compulsorily the balance. But Alfayed has had to increase the offer after previous level of acceptances.

Bid defence

Energy Services & Electron yesterday reacted against unwanted £26.3 million from Peek Holdings by forecasting a 60 per cent rise in pretax profits this year to £3.4 million and a 33 per cent increase dividends.

US deficit

The US merchandise trade deficit expanded to \$2.3 billion (£23 billion) in the first three months this year. It was \$24.3 billion in the first quarter.

Ex-Asda chief takes over confectioner

By Our City Staff

Mr John Fletcher, former managing director of Asda Stores and one of the contenders in the recent battle to take over Cullens Stores, is concentrating his attentions on Barker & Dobson the confectioner. Mr Fletcher is taking over as chairman and chief executive of the company and is to be given share options over up to a tenth of its equity. He has already built up a stake of 500,000 shares in Barker & Dobson.

Mr Fletcher's strength is in retailing and Barker & Dobson's main attraction for him must lie in the chain of 200 newsagent and tobacconist shops it owns. Most of these trade as Lewis Meeson and many are ideal to be converted into the fashionable "convenience" stores.

News of Mr Fletcher's involvement lifted the Barker & Dobson share price from 7 1/4 to 10 1/4 p, valuing the company at about £18.5 million. The company warned shareholders in March that the expected 1984 profit of about £2 million was likely to be replaced by a loss of about £1.5 million.

The group managing director

and the chief executive of retailing promptly departed as the company blamed its problems on a failure to notice the impact of a price war. The audited figures and annual accounts for 1984 have yet to be published. In the meantime, company doctor Mr Romie Aiken has resumed the chairmanship.

Mr Fletcher believes that he can turn round the retail business and points out that in his three years at Asda he lifted trading profits by 227 per cent. He left Asda abruptly in 1984 after differences of opinion with his colleagues. He collected a golden handshake of more than £100,000 then went on to acquire shares in Cullens which, when his bid was defeated, he sold for a profit of more than £200,000.

Mr Walter Goldsmith, former director general of the Institute of Directors, is to be group planning and marketing director of Trusthouse Forte. He takes up the appointment next month but will continue as non-executive chairman of the London office of research consultants Korn/Ferry.

Leyland 'has won £400m bus contract'

By Jonathan Davis

Leyland Bus, the struggling bus and coach division of BL, has moved nearer to winning what would be a life-saving contract worth nearly £400 million from Thailand, according to reports from Bangkok yesterday.

The director of the Bangkok Mass Transit Authority, Mr Pichet Sathirachawan, was quoted as saying a British consortium led by Leyland had been chosen by the authority to modernize and operate the Bangkok bus service.

The Leyland consortium, which includes the National Bus Company and MVA consultants, has been in negotiations since shortly after the deadline for submitted tenders four months ago.

According to BL's latest report and accounts, Leyland Bus made a "significant loss" last year with sales dropping 14 per cent and 1,000 workers made redundant. The Thai contract, which involves supplying 4,000 buses and the construction of 20 new bus depots, would be a major boost to the company and its surviving 3,000 employees.

BASF'84

We announce herewith this year's

ANNUAL MEETING OF STOCKHOLDERS

on Thursday, June 27, 1985, 10:00 a.m. at the BASF Feilerabendhaus, Leuschnerstraße 47 Ludwigshafen/Rhine, West Germany

Agenda

1. Presentation of the Financial Statements of BASF Aktiengesellschaft and BASF Aktiengesellschaft and its Consolidated German Subsidiaries; presentation of the Annual Reports of BASF Aktiengesellschaft and BASF Aktiengesellschaft and its Consolidated German Subsidiaries; presentation of the Supervisory Board Report.
2. Declaration of dividend.
3. Ratification of the actions of the Supervisory Board.
4. Ratification of the actions of the Board of Executive Directors.
5. Authorized capital.
6. Appointment of auditors.

Shareholders entitled to participate in the Annual Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depository bank. The shares should remain deposited until the conclusion of the Annual Meeting. Shareholders have the right to vote by proxy. Depository banks are those specified in the "Bundesanzeiger" of the German Federal Republic Nr. 87 of May 10, 1985.

Depository banks in the U. K. are: Kleinwort, Benson Limited S.G. Warburg & Co. Ltd.

The deposit is only effective if the shares are submitted by Wednesday, June 19, 1985.

Ludwigshafen/Rhine, May 10, 1985
The Board of Executive Directors

BASF Aktiengesellschaft
D-6700 Ludwigshafen



MARKET SUMMARY

STOCK MARKETS	
FT Ind Ord	991.1 (+2.9)
FT-A All Share	n/a
FT Govt Securities	80.06 (-0.02)
FT-SE 100	1306.3 (-1.8)
Bargains	24,896
Dataseam USM	112.25 (-0.48)
New York	12,474.51 (+46.59)
Dow Jones	1254.08 (+43.1)
Tokyo	12,474.51 (+46.59)
Nikkei Dow	12,474.51 (+46.59)
Hong Kong	1610.09 (-11.36)
Hang Seng	208.7 (-3.2)
Amsterdam	208.7 (-3.2)
Sydney: AO	899.2 (-0.4)
Frankfurt	1244.5 (+4.1)
Brussels	218.56 (+22.38)
General	217.4 (+0.1)
CURRENCIES	
London:	
£: \$1.2387 (+0.0340)	
DM: 3.8530 (-0.0030)	
Sfr: 3.2295 (+0.0005)	
FFr: 11.7490 (+0.0050)	
Yen: 311.58 (+6.28)	
Index: 77.9 (+0.4)	
New York:	
\$: £1.2387 (+0.0340)	
DM: 3.1085 (+0.0)	
\$ Index: 147.1 (-2.8)	
ECU: 20.581235	
SDR: 20.810345	
MAIN PRICE CHANGES	
RISES:	
Gulfstream	90 +48
Barker & Dobson	10 1/2 +3
Audio Fidelity	38 +8
Habit Precision	64 1/2 +7 1/2
Higgins Brewery	157 +10
Portman Mining	11 +1
Belsham Brewery	59 +5
Debenhams	314 +25
Reliant Motor	54 +4
Barr & Wall Arnold	107 +5
Stakis	68 +4
Wardle Storeys	194 +17
Amersham Int	370 +18
Vickers	320 +14
FALLS:	
Atlantic Resources	60 -8
Sheffield Brick	12 -1
C H Bailey	169 -1 1/2
SelectTV	13 -1
Comman Bros	98 -5
Newman Bros	814 -7 1/2
Eglinton Oil	103 -6
INTEREST RATES	
London:	
Bank Base: 12 1/2-12 1/2%	
3-month Interbank: 12 1/2-12 1/2%	
3-month eligible bills: 12 1/2-12 1/2%	
US:	
Prime Rate: 10.50%	
Federal Funds: 8.0%	
3-month Treasury Bills: 7.77-7.71%	
(0.00%)	
Long bond 99 1/2-99 1/2 (000): yield 80.00% (00.00%)	
GOLD	
London fixing:	
an \$314.50pm-\$315.10	
close \$315.25-\$315.75	
2255.75	
New York	
Comex \$315.45	

WALL STREET

May 8	May 7	May 8	May 7	May 8	May 7
AMF Inc	19 1/4	19 1/4	19 1/4	19 1/4	19 1/4
AMP Co	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amalgamated	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amchem	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amcor	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amgen	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amstar	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amstar	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amstar	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4
Amstar	25 1/4	25 1/4	25 1/4	25 1/4	25 1/4

Dow starts upwards

New York (AP)—Dow Jones Industrial Average was up 4.20 points at 1,253.98. The transportation average was up 2.77 at 597.43 and the utility average was up 0.56 points at 158.39.

Early turnover amounted to about 8,654 million shares.

Advancing issues were leading declines by about seven-to-four.

Mr. James Andrews of Janney Montgomery Scott said: "Despite all the bearishness this market is not acting that poorly. In fact it could be ready for a big move upwards. If the market starts to move some of the people that have been standing on the sidelines will jump in."

He may not happen today but we are within several days of a major upside move, he added.

Mr. Andrews said that institutional involvement in the market was strong and he reported good buying, with blue chips taking the lead.

International Business Machines was up 1/4 at 127.68 and General Electric was ahead 1/4 at 59.47.

The nation's main retailers reported sales results for last month. Sears, which reported flat sales, was up 1/4 at 34.43. Kmart was up 1/4 at 55.75 and J.C. Penney was unchanged at 47.75.

Among other shares, Amstar was up 1/4 at 18.12.

COMMODITIES

COMMODITY	PRICE
COFFEE	175.00-176.00
COFFEE	175.00-176.00
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LONDON FINANCIAL FUTURES

Contract	Open	High	Low	Close	Est Vol
Three Month Sterling	87.42	87.43	87.34	87.40	977
Three Month Eurodollar	91.33	91.40	91.31	91.40	1725
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AUTHORIZED UNIT TRUSTS

Trust Name	Assets	Liabilities	Net Assets
First Unit Trust	100.00	10.00	90.00
Second Unit Trust	200.00	20.00	180.00
Third Unit Trust	300.00	30.00	270.00
Fourth Unit Trust	400.00	40.00	360.00
Fifth Unit Trust	500.00	50.00	450.00

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STOCK MARKET REPORT

Steinberg and Strasbourg help Vickers shares to a record high

By Derek Pain and Pam Spooner

Cash could soon cascade into Vickers, the office equipment to Rolls-Royce group where controversial American entrepreneur Mr Saul Steinberg, has built up a 5.5 per cent shareholding through his Reliance Financial Services operation.

Next month the company's long standing claim for compensation over the nationalization terms for its aircraft and shipbuilding interests come up before the European Court of Human Rights at Strasbourg.

Estimates of the likely Vickers award range from a few coppers to approaching £250 million.

It is, according to one school of thought, the Vickers appeal at Strasbourg which has attracted the attention of Mr Steinberg.

He was reported to be buying again yesterday and Vickers

The Kennedy Brookes restaurant group, which more than doubled profits to £2.3 million last year, is heading for another record year. Mr Michael Golder, the chairman, told shareholders. The group's London Pavilion development could involve leading property groups as well as a leisure group, possibly Madame Tussauds. The shares held at a 283p peak yesterday.

Shares surged impressively to a new peak of 320p, up 14p. In this account, the Steinberg and Strasbourg connections have helped lift Vickers shares from 265p.

The group's basic claim is that the compensation payments so far received undervalue the assets nationalized by at least £100 million. Interest and other odds and ends lift the figure which could, if Vickers decisively wins the day, be awarded about £250 million. There are some who think even more is possible.

Even if Vickers succeeded in winning only its basic claim of £100 million it would represent about 80p a share.

The group is already cash rich with £40 million in the bank at the end of last year. Since then it has made a number of property sales.

Vickers existing riches already makes the group a takeover attraction to many a marauder. If it should bring more cash from the Government at Strasbourg its takeover attractions would be clearly enhanced.

There is a strong feeling in the City that the Government would not be too disturbed if Vickers did win substantial compensation. Such an event would make it much more difficult, runs the argument, for a future Labour Government to rationalize the assets.

Tories are now privatizing. Equities had a quiet day with takeover and other special situation stocks making the running. The FT 30 share index closed with a 2.6 points gain at 991.1 points, its best level of the day.

But the more broadly based FT-SE 100 share index spent most of the day in retreat and finished 1.6 points down at 1,306.3 points.

Bank shares were strong. Lloyds, helped by a positive investment seminar at Hoare Govett, the broker, was at one time 20p higher at 59p. National Westminster gained 20p to 659p and Barclays was up 7p at 374p.

New issue Coloroll had a dismal time. More than 20 times over-subscribed when offered for sale it had been expected to notch a handsome premium in first-time dealings. But there were too many anxious stags around. The shares encountered selling as soon as take started and dipped to 125p before closing at 129p.

Pentland Industries is still buzzing from this week's announcement of its intention to float off the highly successful Rebok sports shoe business in America. The shares rose another 35p to 790, making a 75p gain in the past week.

On the stores pitches, Debenhams remained the main feature, sporting a 25p rise to 316p alongside profits results which were broadly in line with City expectations. Takeover

Spencer King, a construction group which has made losses in three of its last five years but made a profit of £140,000 in 1984, is coming to the Harvard Securities over-the-counter market with a 1985 profit forecast of £250,000. The shares are on offer at 174p.

speculation is at a peak, although reports that the board of leading bid candidate Burton Group spent a full day this week with its merchant bankers are generally reckoned to be exaggerated. Nevertheless, Burton, led by Mr Ralph Halpern, stays top of the market's list of likely bidders for the Debenhams department store chain.

Other well-known high street names continue to bask in the afterglow of takeover and results excitement. British Home Stores, which revealed record £60.98 million profits earlier in the week, gained another 4p to 298p, while Boots rose 4p to 180p. Burton advanced 6p to 459p. Marks and Spencer rose 2p to 139p and Dunhill Holdings - due to report in this month - went 2p better to 368p.

Baker Dobson, the confectionery and retail group, got a useful fillip from news that Mr John Fletcher, known for his leading role Associated Dairies, is taking an interest. Market shares rose 3p to 104p.

Traded option highlights

Business on the traded options market stays subdued, reflecting the unexciting volume figures from the main stock market. British Telecom again produced a notable volume, with 1,003 calls and 332 puts traded. Jaguar shares, showing renewed interest alongside the annual meetings chalked up 661 contracts traded.

The gilt option also caught investors' attention - 489 contracts changing hands - and BP options reached a trading volume of 643. Price movements among BP contracts were also marked, with July, October and January calls showing falls of up to 18p. Puts in those series showed similar gains.

Bassett Foods still looks for renewed takeover action, the shares gaining 7p to 195p. Avana Foods, which failed in a bid attempt a year ago, is the City's favourite to return to the fray.

Among brewers, Higgses Brewery came in for more bid speculation, the share price touching 164p at one stage before settling for a 10p rise to 157p. Belhaven Brewery Group, another company on the bid possibilities lists, also gained ground, up 5p at 59p. But market talk was largely about a likely boost to profits.

City men heard that a profits figure of £1.4 million or more is on the cards, against less than £500,000 for the last full year. At the half way stage Belhaven registered a £817,000, pretax figure.

Having taken a look at the glossy new headquarters of Amersham International, city analysts were anticipating a visit to the group's non-radioactive diagnostics division later this month, and the Amersham share price jumped 18p to 370p.

On the oils pitches, concern about spot prices for North Sea output left leading shares several pence lower, with British Petroleum down 13p at 538p, British down 11p at 215p, Lasso down 12p at 293p and Shell 20p lower at 710p.

At Falcon Resources, the continued presence of large selling orders pushed the share price still further down. Falcon was marked 30p lower at 340p.

Burmah, buoyed by takeover hopes, bucked the sector trend with a 3p rise to 256p. Government stocks came in for a late flurry, turning earlier modest falls to gains of up to 1.7p as the market responded to sterling's strength.

Bestobell, the troubled engineering group, slipped another 8p to 227p. Bestobell has had problems with a power station contract in Australia, though the board - which has undergone changes - reckons the 1985 results will show a marked improvement.

British Car Auctions rose 2p to 87p, but still languishes toward the lower end of its trading range.

of research at the broking firm said: "The shares have a prospective 1986 p/e of 5 at the moment, and look right to buy again." The Jaguar price has slipped by almost 100p from the peak reached earlier this year.

American support for the British car maker is an important factor in future prospects, especially given the company's intention to launch its shares on the US market. American investors are already thought to have about 30 per cent of Jaguar, and be willing to buy more.

BOC Group, figures next week, was just 1p harder at 277p. There are hopes that a substantial dividend increase will occur this year.

Aurora, the engineering group, came in for late attention on suggestions that a stake build up would be disclosed shortly. Hillards, the northern super-

By far the best performing share yesterday was an obscure Canadian stock, Gulfstream. It surged from 42p to 90p. Canadian sources suggest that the company is about to sell off its Middle Eastern oil interests in a near £4 million deal.

market chain, was again in demand on takeover suggestions. William Morrison Supermarkets and Northern Foods were put forward as bid candidates alongside the existing favourites, Argyle Group and Dee Corporation. The shares gained 10p to 408p.

Thorn EMI fell 8p to 434p as takeover talk faded. Government stocks came in for a late flurry, turning earlier modest falls to gains of up to 1.7p as the market responded to sterling's strength.

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TEMPUS

Songs of praise for Debenhams' potential

Mr Robert Thornton, the chairman of Debenhams was celebrating with champagne yesterday lunchtime. His company's share price is standing at a record level; he had just bought 160,000 shares; and he is highly confident about future prospects.

The fact that preliminary pretax profits were only just in line with expectations and that much of the share price increase was due to bid speculation worried him not one jot.

Pretax profits of £40.4 million, up from £32.7 million were obliged to take something of a back seat as Mr Thornton sang the praises of Debenhams' potential.

His mood reflected the tone of the preliminary statement which read very much like a defence document designed to keep possible predators at bay. Even Debenhams is forced to provide a more formal defence in future. Mr Thornton still believes he has plenty of ammunition in reserve. Drawing heavily on President Reagan's election campaign speech writers he said: "You ain't seen nothing yet."

The cynics will argue: "He would, wouldn't he? There is no doubt that the higher Debenhams' share price is the less the chances of an unwelcome bid. The company is therefore not going to spurn any opportunity to maintain the shares' upward momentum which has seen them increase by over 50 per cent in the last three months."

It would be easy to dismiss Mr Thornton's confidence as bluff and bravado. However, there are indications that his optimism is based on more than the words of the fortune cookie. The problems with the Harris Queensway joint venture are being resolved and losses will be eliminated this year.

Weilbeck Finance operations continue to thrive. The store refurbishment and expansion programme is going well. Current profitability is running well ahead of budget. These are not the characteristics of an ailing business ripe to be snapped up cheaply.

There was even muted talk that Debenhams is about to make a pre-emptive strike of its own. An announcement of a quiet sizeable acquisition could be only weeks away.

The group is keen to exploit what it believes to be a sound and profitable marketing philosophy but to do so it needs more stores. With only modest gearing Debenhams could easily afford to purchase an enlarged presence in the high street.

The shares closed up 25p at 316p indicating that for the time being the market is giving Mr Thornton the benefit of the doubt. The bid speculation will ensure a lively market for the shares and with profits of £80 million in sight for this year they should be bought.

A E

The profits recovery at AE continues apace. In the half-year to the end of March, pretax profits rose a further 37 per cent to £11.2 million.

The sale last August of its loss making British distribution business to Unipart helped to the tune of more than £1 million, but even so there was an underlying rate of growth of about 11 per cent.

For the year as a whole the group looks on course to make about 125 million - still nowhere near the record profits AE achieved in 1977, but an impressive recovery from the near breakeven position of a couple of years back for all that.

Volume sales during the first-half rose 6 per cent as the group continued to expand its market share in Britain and overseas. Particularly encouraging progress is being made in the sale of original equipment components into the United States where some sizeable motor industry contracts have been won.

Gearing remains comfortably below the 30 per cent level and the rising capital investment programme is expected to be comfortably financed from internally generated resources. At 150p - down 4p yesterday

where the likely multiple is 8.5 times this year's earnings and the yield 6.2 per cent, the shares continue to look good value despite the impressive run they have had over the last year.

Stakis

Stakis, the Scottish-based hotels, casinos and off-licence group is continuing to fire on all three cylinders, although not as smoothly as it could wish.

During the first half pretax profits advanced by 34 per cent to £3.4 million. Earnings per share improved by 20 per cent to 1.8p per share with a similar rise in the interim dividend to 0.40p.

Hotels and inns remain the powerhouse of the group. There are now 28 hotels in the division which is receiving a large boost from the sole London representative, St Ermin's, where more rooms are now being planned.

There has been an improvement in occupancy levels and a tightening of room rates helping to push up the contribution from the business to £3.4 million, from £2.5 million. Second half earnings will be helped by two more additions, a 150 room inn in Cardiff, and a 125 room hotel in Hull, with bookings throughout looking better than a year ago.

Stakis's second leg, casinos, turned in profits of £2.3 million against £1.4 million, a somewhat disappointing outcome reflecting more competition and the recession still impacting on provincial operations.

Having disposed of its wholesale wines and spirits division, Stakis will be keen to significantly increase its chain of 155 off-licences.

The group says it is heading for another record year and an outcome of about £12.5 million in 1985 appears in prospect. The shares were 2p better at 66p but until the group appears more closely hitched to the tourism boom, are likely to remain fairly dependable, if unexciting.

Announcing a £5,000 investment which may only cost you £2,202

Business expansion funds are now well established, providing individuals with an unusual opportunity to invest in private companies.

Their most obvious attraction is the full income tax relief which you can claim on investments up to £40,000 a year.

For the highest rate tax payer that means every £5,000 invested only costs £2,202 (including the once-only initial management charge). Even for the standard rate tax payer, the 30% rebate is extremely attractive.

But securing tax relief is not enough.

Prudent investors need to know that their money will be well managed and that the management costs will be reasonable.

They also need to feel confident that their money will be invested within the tax year, otherwise they cannot claim all the tax relief.

It's in these areas that Charterhouse scores. Charterhouse has over 50 years of experience in providing capital to growing private companies. We have the

people and the expertise to identify and attract a wide range of good quality investment propositions.

As a result, we have already successfully invested two Business Expansion Funds. Now we are launching our 1985/86 Fund.

Like the preceding two Funds, it will be limited in size, this time to £5 million.

With a minimum investment before tax relief of £2,000 that means at most 2,500 investors can join in. The maximum investment is £40,000.

Our charge to investors of 3½% for our two previous Funds was one of the lowest and remains unchanged. Applications will be accepted in full, in order of receipt, with the final closing date being 14th June 1985 or earlier when fully subscribed.

To take advantage of this opportunity and to obtain a copy of the Memorandum describing the Fund, telephone 01-248 4000, send in the coupon, or contact any branch of The Royal Bank of Scotland plc or Williams & Glyn's Bank plc.

But, at most, only 2,500 people can benefit.

The Royal Bank of Scotland Group plc

INTERIM RESULTS: PRE-TAX PROFITS UP 34%

SUMMARY OF KEY FIGURES (Unaudited)	6 months ended	6 months ended	12 months ended
	31.3.85	31.3.84	30.9.84
PROFIT BEFORE TAXATION	£75.9m	£56.8m	£131.3m
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	£42.1m	£38.1m	£97.5m
EARNINGS PER 25p ORDINARY SHARE	17.8p	16.1p	32.0p
DIVIDEND PER 25p ORDINARY SHARE	3.6p	3.3p	8.6p

Over the past three years we have made excellent progress towards the merger of our two banks which we hope will take effect on 30 September this year. In addition we have

- achieved a major increase in our customer base
- acquired the Charterhouse Group
- launched a car insurance service

We are confident that the earnings of the new Royal Bank of Scotland should continue to improve in the future.

Michael Herries
Chairman

The Royal Bank of Scotland plc Williams & Glyn's Bank plc

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The Secretary of State for Trade and Industry, in giving his permission for the distribution of the Fund Memorandum, has required that the following matters be brought prominently to the attention of potential investors:

1. The Fund is a unit trust scheme which has not been authorised under the Prevention of Fraud (Investments) Act, 1958 and which does not incorporate the safeguards for investors which apply in

The Charterhouse Business Expansion Fund Management Limited
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CHARTERHOUSE

the case of an authorised unit trust.

2. The proper management of the Fund is the responsibility of the manager of the Fund and not of the Secretary of State.

3. Investment in unquoted companies carries higher risks as well as the chance of higher rewards. The existence of these risks is one reason why tax relief is granted in connection with investment through the Fund.

This advertisement does not constitute an invitation to subscribe to the Fund; subscriptions may be made only on the basis of the terms and conditions set out in the Memorandum describing the Fund.

BUSINESS OPPORTUNITIES

From little acorns . . . Neil and Chris Taylor and Chris Wiggs give Mr Trippier (right) a sample of their enterprise.

Origin Products was started as a toy-designing company in 1980 by

So far financing has come from "a good, friendly bank manager", with the mews freehold as a handy security. The three are considering the equity route to quicker growth but like so many small businesses are loath to do this even at the expense of accepting a slower burgeoning of the business.

growth scheme

'You've come about money we owe you? You'll have to wait your turn behind this gentleman'

HOTELS AND LICENSED PREMISES

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هكذا من الرحمن

INDUSTRY TODAY

Why Opec fears the 'Sheikh of barter'

Increasing exchange control regulations and hard currency shortages are leading to oil being swapped for jumbo jets, fighter aircraft, shoes and coffee. The Organization of Petroleum Exporting Countries (Opec) is worried about barter deals upsetting world oil prices, but David Young suggests the oil producers are among the main users of barter deals.

The Middle Eastern members of the Organization of Petroleum Exporting Countries are referring to Professor Tam David-West, Nigeria's petroleum and energy minister as "The Sheikh".

Their reference is by no means complimentary and is not a sign that Nigeria has entered the mercantile of the 13-member oil producers' cartel.

He is called "The Sheikh of Countertrade" because of Nigeria's ready adoption of countertrade, swapping oil for imports or using it to repay debts. Opec now feels this poses a threat to its price and production stability.

The Nigerian energy minister brushes off the slight: "I'm the Sheikh without even a shack," he says, he reiterates that countertrade is a policy for Nigeria's survival.

Nigeria has upset its Opec colleagues by insisting the oil involved should not come from its Opec-agreed production quota of 1.3 million barrels a day. It has been sending at least another 400,000 barrels a day on to the open markets because of countertrading and because Nigerian crude is a quality favoured by the European refiners - it matches North Sea crude in its characteristics - it

has had no problem in finding customers.

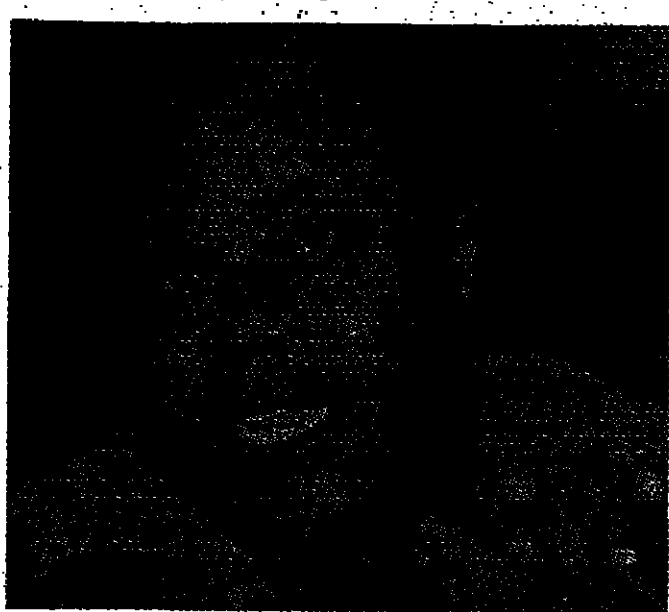
Nigeria's latest deal involves a billion dollars' worth of oil for an assortment of consumer and industrial goods from France. The oil, priced in accordance with the Opec structure (hardly surprising as Nigeria's crude is at the top of the Opec pricing tree), is being traded by the French state oil company Elf Aquitaine.

This insistence by Nigeria in sticking to Opec rules, when it is to its advantage, and ignoring others has added to Opec's frustration.

However, Opec can hardly expect sympathy. It was Saudi Arabia which turned the world oil supply position upside down two years ago by buying 10 Boeing jumbo jets with Rolls-Royce engines and paying in oil.

More recently, Saudi Arabia and Abu Dhabi have bought French Mirage fighter aircraft and associated ground hardware and paid in oil. Talbot workers are back at work in Coventry because their bosses agreed to take Iranian oil in return for car kits for assembly in Tehran.

Iraq has also been involved in countertrading oil. In a deal typical of those now being negotiated, Volkswagen's Brazilian plant and Petrobras, the Brazilian state oil company,



Tam David-West: counter trade a policy for Nigeria's survival.

have agreed that 100,000 Passat cars will be delivered to Iraq in return for 2.5 million tonnes of oil.

The German freight forwarder which will arrange the cars' transport and the Jordanian government, which will load the oil at its Aqaba terminal, are also involved.

Everyone involved benefits. Volkswagen Brazil is boosting its export. Petrobras is buying the crude at its official price in dollars, but is paying Volkswagen in cruzeiros thus saving foreign exchange.

Brazil is also involved in a three-way deal between Nigeria and the Soviet Union. This time Russian oil is involved. Petrobras will take the oil and

Brazil has been quick to exploit countertrade. More than 10 per cent of Petrobras activity involved countertrade deals and the country has been advising Malaysia on how to set up such deals. Peru is also in on the act and an entire year's output from its shoe industry was used to buy Russian oil.

However, while the Western world and the General Agreement on Tariffs and Trade appear to frown on such deals, the trend is growing.

In the United States, General Electric exported \$3.25 billion (£2.7 billion) of equipment, more than a third of which was paid by countertrade. In West Germany 50 per cent of trade with the Eastern bloc involves payment in kind and 20 per cent of its world trade involves such deals.

In Britain, the four leading banks, Lloyds, Barclays, National Westminster and Midland, have joined two Belgian trading houses to set up Basista, an international clearing house for countertraders.

So while Opec complains about countertrade upsetting price stability in the world oil market, bartering is now earning respectability and is largely underpinned by the oil producers themselves.

Ironically, countertrade has its roots in Vienna, in an office block next door to the Opec headquarters. It flourished during and after the last war and was revived in the Sixties when Eastern bloc countries ran short of hard currency. Its revival in the Eighties is a telling sign of the strains on the world money and currency system.

COMPANY NEWS

IN BRIEF

● **COLOROLL GROUP:** The offer for sale of 13.5 million ordinary shares at 135p received about 64,000 applications for a total of 278.3 million shares. The issue was about 20 times oversubscribed. A total of about £375 million was received. Basis of allotment: applications from the public - for 100 to 1,000 shares, weighted ballot for 100 shares for 1,500 to 5,000, weighted ballot for 200 to 5,500 to 10,000, weighted ballot for 500, for 11,000 and above - 5 per cent of application. Applications from Coloroll's employees - 1.4 million shares will be allotted in full.

● **JAMES CREAN:** Figures in Irish currency. Final 3p, making 9.5p (8.25p) for 1984. Figures in £100. Turnover 79,400 (£1,945). Pretax profit 2,997 (£2,690). The company is raising about £10 million in an underwritten rights issue of 2.86 million ordinary shares and £5.15 million of 10 per cent unsecured loan stock. 1995. Terms: one share at 180p for every four held and £45 loan stock at par for every 100 shares held.

● **ALLIED INVESTORS CORP:** Hong Kong and Kowloon Wharf does not intend to increase its original offer of \$11 per share for Allied whose board has rejected the offer. However Allied's board has accepted Wharf's offer for the company's shareholding in Wheelock Marten.

● **PEKO-WALLSEND:** An unaudited after-tax profit of \$13.3 million for the nine months to March 31 last has been changed to a net loss of \$1.3 million because of the recent dramatic fall in the Australian dollar.

● **EDINBURGH OIL AND GAS:** Turnover, £606,827 (£85,905). Gross profit, £419,757 (loss £108,079). Operating loss, £138,618 (£87,354). Amounts written off investments, loss of £1.2 million. £2.12 million (£1.18 million).

● **MANOR NATIONAL:** C. D. Bramall has received acceptances in respect of 13.5 million Manor ordinary shares and 432,424 Manor preference, representing 77.65 per cent and 31.76 per cent respectively. Bramall now owns or has received acceptances in respect of 15.2 million ordinary shares (87.43 per cent).

Law Report May 10 1985

Transfer of tenancy power restricted

Lewis v Lewis
Before Lord Fraser of Tullybelton, Lord Elwyn-Jones, Lord Diplock, Lord Edmund-Davies and Lord Bridge of Harwich
[Speeches sold May 9]

The court's power to order the transfer of a statutory tenancy from one spouse to the other under paragraph 3(1) of Schedule 2 to the Matrimonial Homes Act 1967 as amended by the Matrimonial Homes and Property Act 1981, was restricted to cases where the statutory tenancy was in existence at the date of the application for its transfer.

The House of Lords so held, dismissing an appeal by the wife, Hazel Susan Lewis, from the judgment of the Court of Appeal (Sir John Arnold, President, and Mr Justice Anthony Lincoln) (*The Times* March 10, 1984; [1984] Fam 79) who allowed an appeal by the husband, Mr Robert Lewis, from the judgment of the Court of Appeal (Owen sitting as an additional judge in the Family Division, on November 18, 1983) that the husband, Geoffrey Lewis, should cease to be the statutory tenant of the former matrimonial home as from March 4, 1978 and that the wife should be deemed to be the statutory tenant from that date.

Mr Edward Cazalet, QC and Mr Daniel Pearce-Higgins for the wife; Mr Robert Pryor, QC and Mr David Newbery for the husband. The husband did not appear and was not represented.

LORD BRIDGE said that the parties married in 1958 and from 1960 onwards the matrimonial home was at 10F Hyde Park Mansions, Grosvenor Street, St Pancras, London, and was occupied under a series of leases granted to the husband by the landlords. The last was for a term of five years expiring in September 1975 and thereupon the husband became a statutory tenant of the flat.

Shortly afterwards he left the flat and had never returned. The wife obtained a decree of divorce which was made absolute in August 1978. In the divorce proceedings, the wife, if she had applied in due time, would probably have obtained an order under section 7 of the 1967 Act transferring the statutory tenancy of the flat from the husband to herself. But she did not seek appropriate legal advice at the time and made no such application.

Under the legislation as it then stood, no order for transfer of the statutory tenancy could be made after decree absolute. The landlords remained in ignorance of the breakdown and dissolution of the marriage until March 1982. They continued meanwhile to accept rent paid by the wife in the belief that it was paid in discharge of the husband's liability as statutory tenant.

In March 1982 the landlords instituted proceedings in Bloomsbury County Court claiming possession of the flat and ancillary relief on the ground, *inter alia*, that the husband no longer being in occupation, was no longer protected as a statutory tenant, and that since the dissolution of the marriage the wife had been in occupation as a trespasser.

The husband did not defend the proceedings. The wife pleaded that by accepting rent from her the landlords had granted her a tenancy in her own right. That defence failed and on March 7, 1983, the judge granted the landlords a declaration that the wife was not and never had been the tenant of the flat.

The husband did not defend the proceedings. The wife pleaded that by accepting rent from her the landlords had granted her a tenancy in her own right. That defence failed and on March 7, 1983, the judge granted the landlords a declaration that the wife was not and never had been the tenant of the flat.

EEC worker's husband cannot stay behind
In re Sandhu
Before Lord Fraser of Tullybelton, Lord Keith of Kinkaid, Lord Bridge of Harwich, Lord Brandon of Oakbrook and Lord Templeman
[Speeches sold May 9]

The House of Lords declined to refer to the Court of Justice of the European Communities, Luxembourg, a question - whether a non-EEC spouse of an EEC migrant worker, who had exercised her right under the EEC Treaty to work in another member state, had an independent claim to reside and settle in that state - on the ground that that point of Community law had been decided adversely to the appellant spouse by the European Court in *Datta v Land Berlin* (Case 367/83) (*The Times* March 12, 1985).

The House of Lords dismissed an appeal by Mr Anand Singh Sandhu, an Indian citizen, who had accompanied his wife, a national of the Federal Republic of Germany, to the United Kingdom when she took up employment there in 1975, and who claimed the right under EEC law to remain here permanently after his wife had ceased to be employed in the United Kingdom and had returned to Germany.

The appellant had sought to appeal from the decision of the Court of Appeal (Lord Justice Eveleigh, Lord Justice O'Connor and Sir David Cairns) on June 16, 1983, which had allowed an appeal by the respondents, the Secretary of State for the Home Department and the adjudicator, from the judgment of Mr Justice Connyn on May 28, 1982, and upheld a determination by the adjudicator and a decision by the Secretary of State refusing the appellant leave to enter the United Kingdom.

LORD FRASER said that since the hearing of the appeal the judgment of the European Court in *Datta v Land Berlin* had stated the 'community law on the question raised in the appeal and made it unnecessary to refer the question again to the European Court. The effect of that decision was to interpret Community law so that a non-EEC spouse of an EEC migrant worker did not have an independent right under EEC law to reside and settle in a member state.

LORD TEMPLEMAN said that he had come to the conclusion that the appellant's contention would not find favour with any of the courts of other member states or in the European Court and that it would not be right to make any reference.

LORD KEITH, Lord Bridge and Lord Brandon agreed that because of *Datta v Land Berlin* no reference to the European Court was necessary.

Solicitors: Maurice Nadeem & Co; Treasury Solicitor.

Preventing benefit abuse
Berg v Markhill
Where a tenant was in receipt of housing benefit but was paying no rent to his landlord, it might well be the just and proper thing to do, in order to protect the landlord and prevent abuse of the housing benefit system, for the court to grant the landlord an order prohibiting the tenant from receiving into court, pending determination of the landlord's claim for arrears of rent.

The Court of Appeal (Lord Justice Kerr and Mr Justice Russell) so stated on May 7, dismissing an application by the landlord for an injunction requiring his former tenant to pay his housing benefit into court pending the determination of the landlord's claim for arrears of rent.

The application in this case was misconceived since the tenant had now left the property, a notice to quit had been served and had expired, and the landlord no longer regarded him as his tenant.

Same judge to hear costs issue
Ali-Sheikh Bahai v Rashidian
It was the duty of a judge to adjudicate on an application made pursuant to Order 62, rule 8 of the Rules of the Supreme Court for the payment of costs by the losing party's solicitor notwithstanding the judge's strong criticism of the solicitor's conduct, since, although the solicitor was not a party to the

ROYAL Insurance

The results for the first quarter are set out below; these should not be taken as providing a reliable indication of the outcome for the year as a whole.

	3 months to 31 March 1985 (unaudited) £m	3 months to 31 March 1984 (unaudited) £m	Year 1984 (audited) £m
General Insurance:			
Premiums Written	712.5	523.4	2,268.4
Underwriting Balance	-139.9	-101.6	-347.4
Investment Income allocated to General Insurance operations	72.5	54.7	237.4
General Insurance Result ..	-67.4	-46.9	-110.0
Long-term Insurance Profit ..	5.9	4.9	20.7
Investment Income attributable to Capital and Reserves	21.9	18.0	87.2
Share of Associated Companies' Profits	2.3	3.6	13.3
Profit/Loss before Taxation ..	-37.3	-20.4	11.2
Less Taxation	11.3	1.3	17.6
	(credit)	(credit)	
Minority Interests	-0.2	0.0	-0.4
Net Loss	-25.8	-19.1	-6.0
Earnings per share - See Note ..	10.9p (loss)	8.0p (loss)	2.5p (loss)
Capital and Reserves	£1,760m	£1,604m	£1,830m

Note: Earnings per share have been adjusted for the one for four scrip issue made in June 1984.

	3 months to 31st March 1985	3 months to 31st March 1984
Premiums Written	£m	£m
Underwriting Balance	£m	£m
Allocated Investment Income	£m	£m
General Insurance Result	£m	£m
Inv. Inc. on Capital & Reserves	£m	£m
Pre-tax Profit	£m	£m
Premiums Written	£m	£m
Underwriting Balance	£m	£m
Allocated Investment Income	£m	£m
General Insurance Result	£m	£m
Inv. Inc. on Capital & Reserves	£m	£m
Pre-tax Profit	£m	£m

	3 months to 31st March 1985	3 months to 31st March 1984
Premiums Written	£m	£m
Underwriting Balance	£m	£m
Allocated Investment Income	£m	£m
General Insurance Result	£m	£m
Inv. Inc. on Capital & Reserves	£m	£m
Pre-tax Profit	£m	£m
Premiums Written	£m	£m
Underwriting Balance	£m	£m
Allocated Investment Income	£m	£m
General Insurance Result	£m	£m
Inv. Inc. on Capital & Reserves	£m	£m
Pre-tax Profit	£m	£m

* The pre-tax profit figures for Royal International include the contribution from their Associated Companies of £0.9m in the first three months of 1985 and £0.8m in the same period of 1984.

Royal Insurance plc,
Group Head Office,
1 Cornhill, London EC3V 3QR.

IN BRIEF

Seasoning
lets Lyon
salt away a
position

John Lyon of St Helena, England's most experienced amateur boxer, is in the team for the European championships in Budapest at the end of the month despite losing his ABA title this year to Mexico's Mark Epton.

Although Epton won the lightweight championship at Wembley last week, having beaten Lyon at a qualifying stage, Epton's lack of international experience has ruled him out of the tough tournament. Epton is one of five ABA champions in the England team for the multi-nation Acropolis Cup in Athens on June 21-28.

TEAMS: European Championships: Light: England (Lyon, St Helena); Featherweight: Light: England (Lyon, St Helena); Middleweight: Light: England (Lyon, St Helena); Heavyweight: Light: England (Lyon, St Helena).

RUGBY UNION: The Vancouver Island Crimson Tide lost 18-10 to a Scotland XV containing eight full internationals in Vancouver in the opening game of the Scot's five-match North American tour on Wednesday night.

HOCKEY: David Cawthron has resigned his appointment as manager of the England indoor team for private reasons. He had been associated with the indoor game in England since 1972.

ATHLETICS: Sebastian Coe opens his 1985 track programme when he turns out for Harrogate in the GRE Division match at Alexander Stadium, Birmingham, on Saturday.

RUGBY LEAGUE: Oldham broke Leeds last month, was suspended for six matches by the disciplinary committee yesterday. Other suspensions: Kevin Tannahill (Widnes), four games; Ricky Whittaker (Widnes), three games; Malcolm Flynn (Barrow), two games.



Lyon: boxes for England in European championships

VOLLEYBALL
Women pull
the crowds

By Paul Harrison

With the number of clubs increasing from 401 to 504 in a year and the number of players registered with the English Volleyball Association also rising fast over the same period, from 3,600 to 9,200, the EVA's junior development year has begun on an optimistic note.

With the increase in player registrations favouring women by more than two-to-one, television interest continues to focus mostly on the women's game. The recent Channel 4 showing of the Apeldoorn tournament in the Netherlands, part of the European circuit which England has been invited to join, has been a success, attracting more than two million viewers on one showing.

The BBC will cover the Hitachi Cup women's event in July, which will be held in Hemel Hempstead and which will involve Australia, Japan, West Germany and The Netherlands. England will feature in the event, with the possibility of a combined Japanese-English team for one match. The English girls should learn a lot from that.

The Sports Council has doubled its grant to the EVA, now £160,000 a year over the next three years. Much still depends on sponsorship agreements. The EVA will not touch tobacco or spirits companies, which in strict commercial terms makes its task harder. Principles have been their price, but the image of volleyball must stay clean.

The English are saving money, anyway, by not going to the Commonwealth championships in Melbourne. Since only Australia, the hosts, and the Bahamas have entered, the exercise has become pointless. At home, the British League first division competition will be enlarged to 12 teams with the arrival of two good young teams, Newcastle (Staffs) and Malory.

TODAY'S FIXTURES

Kick-off 7.30 unless stated

FOOTBALL
Fourth Division
Oxford United v Crewe Alexandra
Hull Town v Swindon Town
Southport United v Port Vale

FA Youth Cup
Fulham v Newcastle United

WORLDWIDE
Central League: First division Derby County v Barnsley; Second division Preston North End v Rotherham United

FOOTBALL COMBINATIONS: Reading v Crystal Palace

SERVICES
RAF: RAF v Barnsley; RAF v Barnsley; RAF v Barnsley

SOUTH-EAST
South-East: South-East v South-East; South-East v South-East

CRICKET
Tour match (11 to 5.30 or 6)

TAUNTON
Taunton v Taunton; Taunton v Taunton

BRISTOL
Bristol v Bristol; Bristol v Bristol

GLoucester
Gloucester v Gloucester; Gloucester v Gloucester

Other matches: Cambridge v Cambridge; Cambridge v Cambridge

SECOND DIVISION: Chester v Chester; Chester v Chester

STONE: Stone v Stone; Stone v Stone

Other matches: Stone v Stone; Stone v Stone

Other matches: Stone v Stone; Stone v Stone

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Almushmir to
make good
use of stamina
and fitness

By Mandarin

Almushmir, a progressive son of Kris, can make full use of his fitness advantage to beat the Derby outsiders Koffi and Phantante in the Hawthorn Stakes at Lingfield Park this afternoon.

My selection, like many of John Dunlop's horses, took time to show any worthwhile form as a two-year-old, but wound up his first campaign with victories at Haydock Park and Doncaster. On his seasonal reappearance at Epsom, Almushmir was given plenty to do by Willie Carson but ran on well to finish second to Geoff Luthier, who had the benefit of a previous outing.

As Almushmir's juvenile successes were over eight and 10 furlongs, it appears that stamina is his strong suit and if Carson makes more use of this asset in his rivals may find it hard to stay with him in the closing stages.

Phantante, a 40-1 chance for the Derby, is Guy Harwood's first runner for 13 days. His two-year-old form is undoubtedly superior to that of my selection, but he does not appear to have as much scope and in any case, the Pulborough winners are probably best watched for the time being.

Koffi, 50-1 for Epsom, made an impressive winning debut at Newmarket in August, but failed narrowly to give 6lb to Sabona at Kempton Park the following month. This German-bred colt is likely to need the run, but may still give Almushmir most to do.

Henry The Lion represents

Henry Cecil, but he is not a member of the Warren Place A team and failed to cut any ice against Formaz at Bath 10 days ago.

Sieve Cauthen, who partners Henry The Lion, has better prospects on Fustler in the second division of the Ginevra Guaranteed Sweepstakes. Clive Britton's colt stepped up in his previous form when fourth to Vertige at Ascot last week.

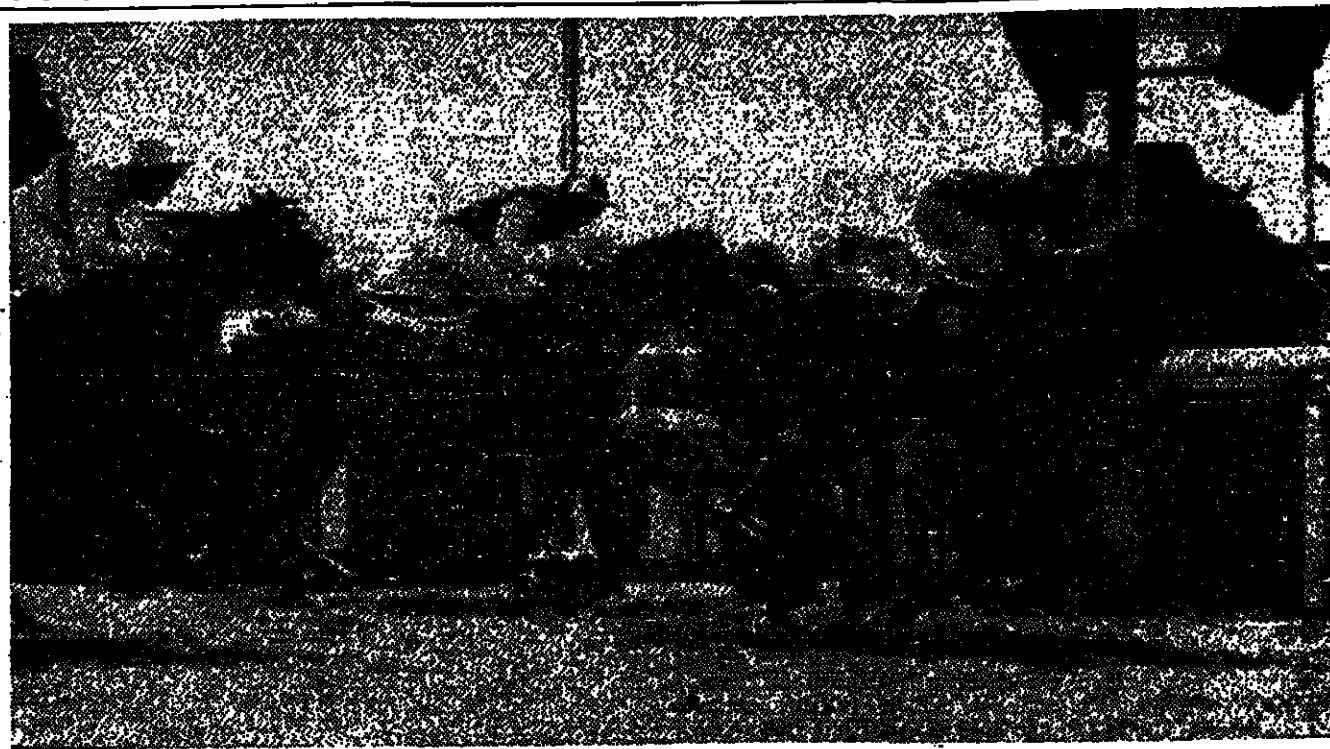
In the first division of this race, Oscura is a confident choice to step up on her second to Etiole d'Amore at the Craven meeting.

Carson, aboard Almushmir in the opener, can complete a double on Phantante in the Charles Heidsieck Champagne Handicap. Robert Armstrong's colt ran two sound races in the space of six days at the end of last month when second to Party Game at Windsor and Dorking Lad at Sandown.

Compensation awaits. For the day's best bet, though, I look to Hamilton Park. Here that versatile five-year-old, Holly Buoy, makes a significantly quick reappearance in the Camerons Handicap after finishing a good second to Tric Heritage in a slightly better race at Redcar on Tuesday.

I particularly like the booking of that excellent 5lb claimer, Adam Shouls, who won on four of his 10 rides for Mary Reveley last year and has already scored twice on Air Command for the shrewd Saltburn-by-the-Sea trainer this season. He partners Holly Buoy for the first time today.

RACING: HILLS AND THOMSON WIN BOTH GROUP RACES ON FINAL DAY OF CHESTER



Seismic Wave masters Wagoner and Corinth in the Ormonde Stakes to spark a treble for Brent Thomson

Sangster team on crest of a wave

By Michael Seely

Brent Thomson and Robert Sangster stole the honours on the closing afternoon of Chester's three-day meeting yesterday. Carrying the colours of the man who has been Britain's leading owner five times in the past eight seasons, the 27-year-old Thomson landed a big-race double for Barry Hills by winning the Ormonde Stakes with Seismic Wave and the Dee Stakes with Infancy. Thomson and Sangster went on to complete a 356-1 treble when Clannaird romped home in the Eaton Handicap for Bill Watts.

Seismic Wave, with only a solitary victory to his credit as a 17-year-old at Doncaster, nearly threw away his chance by stumbling at the start. Producing a stunning run in the home straight, the four-year-old quickened decisively to beat last year's Doncaster Cup winner, Wagoner, by a length and a half with Corinth a head away, third. Rostova, the favourite, could only stay on one pace to finish fourth.

Hills's horses have certainly hit form with a vengeance as the sun has dried the Berkshire gallops. "Seismic Wave has been rather disappointing," the Lambourn trainer said. "We had been toying with the idea of bringing him back to a mile, but I told Robert that I had a gut feeling that the horse needed a distance of ground. The Geoffrey Freer stakes at Newbury in August will now probably be his main objective."

Infancy was giving Hills his sixth victory in the Dee stakes when proving too strong for Turidoria in the final furlong. Vertige, favourite at 11-8 to continue Henry Cecil's quickened decisively to beat last year's Doncaster Cup winner, Wagoner, by a length and a half with Corinth a head away, third. Rostova, the favourite, could only stay on one pace to finish fourth.

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his Chester Vase win here on Tuesday. Leading Counsel, Vincent O'Brien, after that the Irish Derby, Hills continued. The trainer also had good news of the Royal Harms, who put up such a promising Derby trial when fourth to Shadwell in last Saturday's 2,000 Guineas.

"He's taken the race well. The colt will gallop tomorrow morning and after that will decide whether to take on Los Arcs in the Mexican Dante Stakes at York, or wait for the Prix Lupin at Longchamp on May 19. Both races are over an extended 10 furlongs, but I don't want him to tackle a mile and a half until Epsom."

Fortune certainly changes with bewildering rapidity in the racing game. Under a fortnight ago Sangster, a Gold Cup winner last week, was making good progress. His father said: "Sam is saying a few words, and the move to Preston will be a big benefit for us, because it is only a few miles away, compared with a 112 miles trip to Middlebury."

Lucy Crow, a strong challenger for the lady riders' point-to-point title, is "feeling fine" and ready to resume on Saturday after a crashing fall at Cheltenham on Wednesday, in which she was thrown by the doctor (Brian Beal) while Mrs Crow was carried off the course unconscious.

Blinkered first time
HAMILTON: 3.0 Todevayev 4.30 Cast
Pony 5.0 Alami LINGFIELD: 2.45 Ambrose
5.15 Port Vale.

HAMILTON PARK
Going: good to firm
Draw advantage: 55-61 high numbers best

2.30 LEXY BOARD MAIDEN APPRENTICE
STAKES (3-y-o: 2876: 1m 40yds) (13 runners)
5-0 DUNDYAN S Leadbetter 5-7 J Lappin 8
6-0 EMPEROR M McCormack 5-7 J Carroll 2
7-0 THURSDAY T Thomson 5-7 M Tabbell 10
8-0 THURSDAY T Thomson 5-7 M Tabbell 10
9-0 NIGHT GUY J Hargrave 5-7 J Blake 3
10-0 THURSDAY T Thomson 5-7 M Tabbell 10
11-0 PAMELA HEANEY J Carr 5-7 J Apor 7
12-0 STAFF DELIGHT F Carr 5-7 J Carr 7
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Motoring by Clifford Webb

Armada fear as Seat launches new models

There was a time when the Spanish Motor Show came and went without causing a ripple of interest in Britain. The arrival of Ford and General Motors in Spain changed all that. Spanish-made Fiestas and Novas have been taking an increasing share of the British market in recent years and from October, Spain's only indigenous car manufacturer, will be further swelling the ranks of Spanish imports here.

At the Barcelona show this week, Seat is unveiling the Malaga family saloon, the latest in a range of new cars it has been forced to rush through since 1980 when Fiat Italy lost patience with Spanish intransigence and brought 30 years of collaboration to an abrupt end.

Already the holder of 37 per cent of Seat's equity, the Italian giant refused to pour more money into what one Tunisian executive described as "that Spanish dream".

After a long and bitter wrangle, Fiat sold its shares in INI, the Spanish government's holding company, and agreed to buy Spanish-made Fiats in decreasing numbers until 1985.

To fill the gap, the Spaniards looked first to Japan, and opened talks with Toyota and Nissan. But both the Japanese companies were only interested in using Seat factories to establish a bridgehead in Europe to assemble cars from mainly Japanese components.

To everyone's surprise, Seat's chosen partner eventually turned

out to be Volkswagen. In 1982, it signed a series of industrial and commercial accords falling short of actual shareholding. In the main, they called for Seat to assemble VW, Polos, Passats and Santanas. Of far greater importance to Seat's future, however, was the German company's increasing involvement in upgrading Seat technology and quality. A former VW executive is now Seat's quality control director.

It does not end there. Negotiations are now reaching a climax for VW to acquire a controlling 51 per cent of Seat and that prospect is adding to the already widespread concern in Britain about Spanish protectionism. Spain sells 100,000 cars a year here. It pays less than 4 per cent import tax, and even that will be removed in January when Spain joins the European Economic Community.

In sharp contrast, Austin Rover pays, on average, 30 per cent import duty which restricts its Spanish sales to only 4,000 cars a year. It will be 1991 before the Spanish import barrier is finally dismantled.

Spain is already Europe's fourth largest car maker behind West Germany, France and Italy. Last year, it produced nearly 1.2 million cars. Output would have been even higher if not for the fact that GM, Seat and Renault, but for the additional 120,000 VWs it assembles last year to 370,000 - within a whisker of Austin Rover's 389,000.



Malaga: Dull design, but attractive gear box

The challengers

Leading the invasion of the British market will be the Metro/Fiesta-sized Ibiza, and the larger, mid-range, Malaga. The Ibiza is an attractive looking small hatchback which should be able to stand alongside existing contenders in this very competitive sector. I am not so sure about Malaga. Watching the car being built at Barcelona, my initial impression was of a rather slab-sided, dull, design. That impression did not improve when I later saw it displayed in the best possible conditions at the Spanish Motor Show.

But both cars share an attractive asset. Porsche designed engines and five-speed gearboxes. The Ibiza will be imported here with two engine sizes, a 96 mph 1.2 litre and a 108 mph 1.5. The Malaga will only use the 1.5 engine here, although it too is available with the smaller engine in other markets.

The news that prices will range from about £3,800 to £6,000 - £800 to £1,200 less than Austin Rover equivalents - has already brought an angry protest from Mr Trevor Taylor, Austin Rover's sales and marketing chief. Speaking at the Barcelona show, he said it was "criminal" that cut price Spanish cars could be sold in Britain without restrictions while the Spanish market was protected by a grossly unfair tariff barrier.

Seats are being brought to Britain by Seat concessionaires (UK), based in Reading. It is a recently formed subsidiary of the Lönroth Group, which already owns VAG

UK. The VW/Audi concessionaire which is one of the most successful privately owned importers in the country, it is no surprise that the new managing director of Seat UK is a former VAG executive, Mr Douglas Clark. He is now appointing dealers with the target of a 150-strong network by the end of 1986 selling about 20,000 cars a year.

Driving dome

Mercedes Benz is living up to its reputation of doing everything bigger and better than the competition. It has already spent £6.6 million to construct one of the most advanced driving simulators yet seen in the motor industry. Leaning heavily on the technology of aircraft pilot training simulators, the 4½-tonne, dome-mounted on a complex array of hydraulic rams, enables a driver to be tested in every conceivable condition. That has been done before with projected pictures, but Mercedes claims that it is the only one to monitor reactions under controlled laboratory conditions.

It is not that Mercedes is setting out to find the worst - or even the best - driver. It is putting that test money to discover the effect on a driver of changes in car design and components. More importantly, the changes need not actually exist. They can be programmed into the simulator's computer. Mercedes says the simulator will save countless hours driving on the test track, and appreciably shorten development times.



Ibiza: Equal to the competition

CAR BUYERS' GUIDE

Trade 01-837 2916 Private 01-837 3333 or 3311

Porsche

2.5 TURBO 1984. 200 bhp. 0-60 in 6.5 sec. 150,000 miles. £18,500. Tel: 0924 279 452.

1981 324 white. 140 bhp. 0-60 in 7.5 sec. 150,000 miles. £12,500. Tel: 0924 279 452.

PORSCHE 928 1977 Ltd. 400 bhp. 0-60 in 5.5 sec. 150,000 miles. £25,000. Tel: 0924 279 452.

324 V 1979 silver. 170 bhp. 0-60 in 7.5 sec. 150,000 miles. £12,500. Tel: 0924 279 452.

General

1983 VOLVO 240 GLT. 1600 cc. 115 bhp. 0-60 in 10.5 sec. 150,000 miles. £6,995. Tel: 0924 279 452.

FERRARI 308 GTB 1984. 200 bhp. 0-60 in 6.5 sec. 150,000 miles. £18,500. Tel: 0924 279 452.

1983 2.1 V6 LOTUS ESPRIT Turbo. 1600 cc. 115 bhp. 0-60 in 10.5 sec. 150,000 miles. £6,995. Tel: 0924 279 452.

FERRARI MONDIAL GP 1983. 200 bhp. 0-60 in 6.5 sec. 150,000 miles. £18,500. Tel: 0924 279 452.

Rolls-Royce and Bentley

2. Bentley Mulsannes
8. Bentley Mulsanne Turbos
1. Bentley Mulsanne LWB Turbos

1. Camargue
4. Silver Spurs
16. Silver Spurts
3. Silver Shadow II's
1. Corniche Convertible
1. Silver Wraith II with Division

BERKELEY SQ., LONDON W1X 6AE. TEL: 01-629 7444

Rolls-Royce and Bentley

ROLLS-ROYCE SILVER SHADOW. 1973 Black on silver. 150,000 miles. £12,500. Tel: 0924 279 452.

BENTLEY 1979 72. Dark blue with chrome interior. 150,000 miles. £12,500. Tel: 0924 279 452.

Rolls-Royce Silver Shadow II. 1977. 150,000 miles. £12,500. Tel: 0924 279 452.

ROLLS-ROYCE SILVER SHADOW. 1973. 150,000 miles. £12,500. Tel: 0924 279 452.

Mercedes Benz

280 SEC 1984. 200 bhp. 0-60 in 6.5 sec. 150,000 miles. £18,500. Tel: 0924 279 452.

280 SE 1984. 180 bhp. 0-60 in 7.5 sec. 150,000 miles. £12,500. Tel: 0924 279 452.

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Other Cars

1981 324 white. 140 bhp. 0-60 in 7.5 sec. 150,000 miles. £12,500. Tel: 0924 279 452.

1983 2.1 V6 LOTUS ESPRIT Turbo. 1600 cc. 115 bhp. 0-60 in 10.5 sec. 150,000 miles. £6,995. Tel: 0924 279 452.

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B.M.W.

BMW 728i SE 1984. 200 bhp. 0-60 in 6.5 sec. 150,000 miles. £18,500. Tel: 0924 279 452.

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Collectors cars

1981 324 white. 140 bhp. 0-60 in 7.5 sec. 150,000 miles. £12,500. Tel: 0924 279 452.

1983 2.1 V6 LOTUS ESPRIT Turbo. 1600 cc. 115 bhp. 0-60 in 10.5 sec. 150,000 miles. £6,995. Tel: 0924 279 452.

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Motor Leasing

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LEASE MASTER

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SELLING A MOTOR CAR?

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CAR HIRE

1981 324 white. 140 bhp. 0-60 in 7.5 sec. 150,000 miles. £12,500. Tel: 0924 279 452.

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Mitterrand threat to boycott summits

From Eduardo Cui Paris

President Mitterrand yesterday said that he may not attend next year's economic summit in Japan of the world's most industrialized nations, after describing the annual gathering as "a would-be institution without rules, a bureaucracy, and a closed arena where partners oppose each other".

In an informal conversation with reporters at the Elysée Palace, M. Mitterrand tried to minimize the differences at last week's summit in Bonn, notably in the issues of new trade talks and the American Star Wars project. The French President found himself isolated on both issues from the six other countries at the summit, and he was reportedly furious when Chancellor Helmut Kohl of West Germany joined the Americans in calling for a new round of trade talks to begin early next year.

He said yesterday that the West German attitude on trade talks, known as the General Agreement on Tariffs and Trade (GATT), was "regrettable and unfortunate" but the issue would not affect the overall relationship between the two countries.

M. Mitterrand is known for some time to have been unhappy with the annual summits, the idea of his predecessor M. Valéry Giscard d'Estaing. Conceived as an opportunity for the leaders of the US, Britain, France, West Germany, Italy, Canada and Japan to meet informally, they have in M. Mitterrand's view taken on a life of their own, encumbered by layers of ministers and other aides and held under the glaring eyes of the world's press.

Other leaders are known also to believe that the gatherings have taken on a life of their own and raise unwarranted public expectations.

Ironically it was M. Mitterrand who, as host of the 1982 summit, organized a spectacular show for his guests, choosing the palace at Versailles for the talks and including a fireworks display and sumptuous meals prepared by a cluster of France's finest chefs.

Queen's reconciliation theme for islanders

From Michael Horsnell, Jersey

The Queen urged a spirit of reconciliation in a special message to her subjects in the Channel Islands yesterday as they celebrated in prayers and champagne the 40th anniversary of their liberation from five years of German occupation.

Wearing the red and white colours of Jersey, the Duchess of Kent read the Queen's message to 3,000 excited islanders during an ecumenical thanksgiving service at a park in St Helier.

Earlier, she had delivered the same address, after taking the salute from armed service units, in the Market Square on the sister island of Guernsey, where memories of the arrival of the Wehrmacht's 319th Division on British soil in 1940, and the subsequent years of deprivation remain equally vivid.

In her address to "my most loyal people in the Channel Islands," the Queen, who last visited them in 1978, paid tribute to their courage and devotion.

The Queen, who is otherwise known here as the Duke of Normandy in respect to its ancient Norman heritage, added: "In sending you my best wishes on this most important occasion, it is my earnest desire that in remembering the past we should now work towards a future in which all nations may live together in peace and harmony, free of fear."

The appeal for a spirit of reconciliation on the islands which constitute the Crown's oldest possessions was reiterated by the Duchess of Kent when she read from chapter 12 of the Epistle to the Romans that those who persecute are to be blessed, and that vengeance is the Lord's.

The theme will be welcomed by those such as Mr Royden Falla, Guernsey's "Chancellor of the Exchequer", for whom the days of difficult relations with the mainland have passed, and for those who have forgotten the painful period when some accused others of fraternizing with the Germans.

Mr Falla, president of the island's advisory and finance committee, said: "I feel we should now be friends in Europe, and while still being delighted to be free, we should not show enmity to our former

enemies, or do anything which will arouse sharp differences."

Mr René Liron, aged 59, a trade union official in Jersey, said: "I am not bitter. I have not too old for that. But I was one of those who remained on the islands, a young man of 14 when they came, and I cannot stand Germans. I remember being interrogated for minor misdemeanours; I remember wearing cloths that would not fit and having no shoes; I remember being cut off from the rest of the world. While there are people like me around, we shall never forget."

Mrs Jackie Baber, aged 51, from St Peter Port, Guernsey, said: "Liberation Day means freedom from the oppressor. When I think of the occupation, I feel my childhood was taken away."

It was King George VI who said on VE-Day in a message which went to the hearts of Channel Islanders: "Let us remember those who will not come back."

That message was remembered more forcefully yesterday than the new theme as children laid posies on the graves of soldiers in the Allied War Cemetery at Howard Davis Park, St Helier.

In another moving ceremony wreaths were laid by local and foreign dignitaries at Westmount Cemetery in Jersey, where hundreds of slave labourers brought in by the Germans to build the huge fortifications, which still ring the islands off the French coast lie.

An attaché from the Soviet Embassy in London, whose 2,000 compatriots were among the worst sufferers, paid tribute together with representatives of Poland, Spain and France.

The Duchess who unveiled a stone commemorating the anniversary in Guernsey at Victoria Shipway at St Peter Port, where the liberation forces landed, brought smiles and cheers from the large crowd when she allowed Stuart Clemence, aged 10, broke through the security cordon, to take her photograph and shake her hand.

Last night, the Duchess was attending a liberation ball at Fort Regent in Jersey, before watching a fireworks display at the end on the second day of her three-day island-hopping tour.



The Duchess being greeted by Air Chief Marshal Sir Peter Le Cheminant, the islands' Lieutenant Governor, and his wife.



The celebrants marking the anniversary (Photographs: John Manning)

Letter from Hongkong

Rickshaws and an electronic loop

Hong Kong drivers will soon be "looping the loop" in road tolls if a unique new electronic, charging system proves effective after trials lasting until June.

Despite big road-building programmes, the territory's main built-up districts are heavily congested with every kind of traffic, not excluding a very few rickshaws pulled by very old men who are being phased out as unrepresentative of Hong Kong's sharply modern image.

Eighteen electronic loops have been installed beneath the road surfaces surrounding the central district of Hong Kong island. These are activated by specially fitted registration plates on vehicles entering or leaving the area, whose owners will be charged accordingly for use of the roads.

The alternative would have been toll-booths, as in Singapore, but these are considered less equitable than the electronic system. The Government claims that, if the new system does not go into operation, there will have to be higher road and vehicle taxes for everybody, including those who make less use of the more congested highways.

Many people are sceptical about the loop system, but it is being given a chance to prove itself in an experiment involving 2,600 vehicles of all types.

Hong Kong has seen a decline in the number of private cars registered over the past few years. The economic recession of the early 1980s helped account for this, but the main factor is the increasing difficulty in finding parking space and avoiding fines and high garage bills.

The police here work on the principle that no parking is permitted anywhere on public highways, except where a notice specifically authorizes it. Those who can afford it hire drivers, while other people are increasingly turning to taxis and other public transport, including the hand-operated double-decker trams.

The 13,000 taxis of Hong Kong and urban Kowloon, not counting the New Territories - provide a passable service, and by British stan-

dards they are cheap, but there are frequent language problems and some drivers make a speciality of swindling tourists.

Recently the Government has locked horns with the franchised China Motor Bus company, which operates on Hong Kong island and has been frequently criticized for low standards of maintenance and safety. CMB and its sister company across the harbour, Kowloon Motor Bus, have been involved in a number of bad accidents in which people have been killed. Only the other day a double-decker bus fell on its side. Some of the driving is horrific.

The problem of commuting has been kept within manageable limits only because of the roughly 16,000 public light buses, or minibuses, which carry a maximum of 14 passengers cheaply to most destinations.

But the Cross Harbour Tunnel Company, also a franchised enterprise, is objecting strongly to the Government's plans to increase its revenue. It already costs more than £1 to cross the harbour by the more than mile-long tunnel, and there is talk of building another.

The underground Mass Transit Railway is being expanded to cover new routes and already makes a big contribution to easing congestion on the roads. Transport, like everything else in Hong Kong, is big money. In the sticky six-month-long summer, few people are prepared to walk or cycle substantial distances and with the proliferation of multi-storey blocks one often seems to spend more time travelling up and down than back and forth.

In 12 years' time, Hong Kong will revert to Chinese sovereignty. Already swarms of mainland officials are being guided round the concrete jungle to inspect the future "special administration region" of the people's republic. Peking has promised that only local people will be entrusted with the government of Hong Kong and after a few days here the mainland cadres may well be glad to let them.

David Bonavia

THE TIMES INFORMATION SERVICE

Today's events

Royal engagements

Princess Anne, Chancellor of the University of London, attends the Royal Veterinary College Students' Society Annual Ball at the Royal London, Tottenham Court Road, London, 7.30.

Princess Margaret attends a luncheon given by the Royal Monmouthshire Royal Engineers at their headquarters in Monmouth, Gwent. In the afternoon she opens the new British Legion Residential Home, Hammett Court, Monmouth, 2.30.

Princess Alice, Duchess of Gloucester, patron, The Girls' Public Day School Trust, opens the Centenary Building, Shrewsbury High School, Shrewsbury, Shropshire, 11.25.

Princess Alexandra opens St

Michael's Hospice at Barcheston, Herefordshire, 2, and opens the Lindsey Price Almshouses of the Hereford Municipal Charities at Brinknell Close, Hereford, 3.30.

New exhibitions

Women's Art in Wales: Newport Museum and Art Gallery, John Frost St, Newport, Mon to Thur 10 to 5.30, Fri 10 to 4.30, Sat 9.30 to 4 and closed Sun (ends June 15).

Paintings, by Wendy Raphael: Cannel Gallery, Llandovery House, 16 Llandovery St, Manchester, 9.30 to 5.30 (ends today).

Musée: Concert by the Philip Jones Brass Ensemble, The Monaco, Huddersfield, 7.30.

Johnny Morris Children's concert by the Northern Sinfonia, Central Hall, Dolphin Centre, Darlington, 6.30.

Spanish evening by Patricia

Julien and Company, All Saints' Church Hall, Hale Barns, Altrincham, Cheshire, 8.00.

Organ recital on the Great Organ, Liverpool Anglican Cathedral, 12.00.

Piano recital by Peter Katin Theatre Royal, Bury St Edmunds, 7.30.

Concert by the Fine Arts Brass Ensemble, Feltwell College Chapel, 7.15.

Newbury Spring Festival: Concert by The Faber Trio, St Mary's Church, Shaw-cum-Donington, 8.00. Harpsichord recital by Sharon Gould, Woolley Park, Wantage, 8.00.

Concert by Airedale Symphony Orchestra, Salford Victoria Hall, Bradford, 8.00.

Talks, lectures: Puccini's Puccini by Timothy Hilton, Windward College, Windward Eye, Suffolk, 8.

Hogarth by Lindsay Errington, National Gallery, The Mount, Edinburgh, 1.

The War Against Japan by Mr L. Allen, Elver Riverside Lecture Rooms, Stage 1, New Elvet, Durham City, 5.15.

Food prices

Although asparagus from Spain, the United States and Hungary has been available for some weeks, it is the British variety which excites gourmets, and they should not be disappointed this year. The cold weather, which has held up other spring vegetables, obviously does not greatly affect asparagus. The slower growth in Britain ensures tenderness and delicate flavour, as opposed to spears which shoot up under a hot sun. It comes in five different grades, ranging in price from £1 to £2.40 a pound.

New Egyptian potatoes are down to 17-20p a pound. Canary Island fish, salt and mackerel 22-25p. Jersey Royals are slightly cheaper but still about £1 a pound. There is an excellent selection of high quality salad vegetables including celeriac 35p, hearting work along southbound carriageway between junction 41 (Widgion) and junction 44 (Carlisle), contraflow on northbound.

Southbound: A174: Southbound carriageway closed from junction 1 to junction 2 (Larkhall), contraflow on northbound. A85: Single line, lights at Dunbar. A1: Water/gas repairs mean delays westbound at junction of Milton East.

Roads

Wales and West: M5 (Exeter) southbound carriageway closed between junction 28 (Honiton) and junction 29 contraflow on northbound.

Midlands: M5: Contraflow on northbound carriageway between junction 3 (Birmingham) and junction 4 (Bromsgrove). M6: Roadworks continue between junction 3 (Bedworth) and junction 4 (Uxbridge), expect delays. M1: Work at Watford Gap with contraflow between junctions 16 (Northampton) and junction 18 (Rugby).

North: A1: Repairs to Bilton Hall Bridge mean delays along A1 near the southern entrance to Tyne Tunnel, contraflow system operates. A580: Road widening along A580 East Lancashire Road, delays between A572 and A574. M6: Resurfacing work along southbound carriageway between junction 41 (Widgion) and junction 44 (Carlisle), contraflow on northbound.

Southwest: A174: Southbound carriageway closed from junction 1 to junction 2 (Larkhall), contraflow on northbound. A85: Single line, lights at Dunbar. A1: Water/gas repairs mean delays westbound at junction of Milton East.

Weather forecast

A NE airstream covers the UK but a ridge of high pressure will build over areas during the day.

6am to midnight

London, E Anglia, E Midlands, E England: Rather cloudy at first, showers and sunny intervals developing, wind N or NE light, max temp 15C (59F).

SE, Cen S England: Channal Islands: Rain in SE at first, showers and sunny intervals developing, wind N or light, max temp 15C (59F).

W Midlands, SW England, Wales: Mostly dry, sunny periods, wind N, moderate occasionally fresh at first, max temp 15C (59F).

NW, Cen N England, Lake District, Isle of Man, SW Scotland, Glasgow: Moderate, max temp 14C (57F).

NE Scotland, Borders, Edinburgh, Dundee, Aberdeen, Cen Highlands: Mostly dry, bright or sunny intervals with N or NE moderate, max temp 14C (57F).

Firth of Clyde, Orkney, Shetland: A little rain in places at first, bright or sunny intervals developing, moderate or moderate to fresh, max temp 10C (50F).

Argyll, NW Scotland, N Ireland: Dry, sunny periods, wind N light or moderate, max temp 13C (55F).

Outlook for the weekend: Dry with sunny periods, a little rain in NW later.

SEA PASSAGES: S North Sea, Straits of Dover: Wind northwest, veering N light or moderate, showers. Visibility moderate, locally poor at first, sea slight, ENGLISH CHANNEL: N light or moderate, mainly fair, visibility good, sea slight, ST GEORGE'S CHANNEL: IRISH SEA: Wind N moderate locally fresh at first, mainly fair, visibility good, sea moderate.

Sun rises: 5.17 am Sun sets: 8.38 pm
Moon rises: 2.26 am Moon sets: 9.57 pm
Last Quarter Tomorrow.

Yesterday

Temperatures at midday yesterday: C, cloud, 1, far, 1, rain, 5, sun.

Place	C	F	Cloud	1	far	1	rain	5	sun
Belfast	12	54	Cloudy	1	1	1	1	1	1
Birmingham	12	54	Cloudy	1	1	1	1	1	1
Bristol	12	54	Cloudy	1	1	1	1	1	1
Cardiff	12	54	Cloudy	1	1	1	1	1	1
Edinburgh	12	54	Cloudy	1	1	1	1	1	1
Glasgow	12	54	Cloudy	1	1	1	1	1	1
London	12	54	Cloudy	1	1	1	1	1	1
Manchester	12	54	Cloudy	1	1	1	1	1	1
Newcastle	12	54	Cloudy	1	1	1	1	1	1
Nottingham	12	54	Cloudy	1	1	1	1	1	1
Sheffield	12	54	Cloudy	1	1	1	1	1	1
Southampton	12	54	Cloudy	1	1	1	1	1	1
Stirling	12	54	Cloudy	1	1	1	1	1	1
Wolverhampton	12	54	Cloudy	1	1	1	1	1	1

Lighting-up time

London 9.08 pm to 4.45 am
Bristol 9.18 pm to 4.55 am
Edinburgh 9.40 pm to 5.15 am
Manchester 9.25 pm to 4.45 am
Newcastle 9.25 pm to 4.45 am
Penzance 9.25 pm to 4.45 am

London

Yesterday: Temp max 6 pm to 6 pm, 17C (63F), min 5 pm to 6 pm, 10C (50F). Humidity, 6 pm, 50 per cent. Rain 24hr to 6 pm, trace. Sun 24hr to 6 pm, 5 hr. Bar, mean sea level, 6 pm, 1010.2 mbars.

Highest and lowest

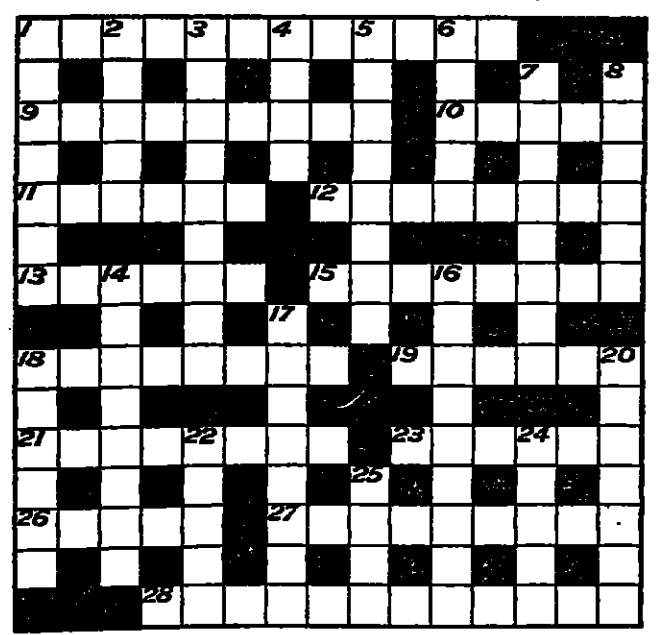
Yesterday: Highest day temp, Folkestone, Kent, 22.2C (72F). Lowest day temp, St Albans, 12.2C (54F). Highest night temp, Folkestone, 12.2C (54F). Lowest night temp, St Albans, 12.2C (54F).

Our address

Information for inclusion in The Times Information Service should be sent to: The Times Information Service, 175, The Times, PO Box 7, 200 Gray's Inn Road, London WC1X 8EZ.

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The Times Crossword Puzzle No 16,733



- ROSS
- Station - change here for Cornish Crabs (7,5).
 - Fruit being about one millimetre (9).
 - Strand to provide support (5).
 - Crushing defeat setback for bird (6).
 - Impassioned surgeon admits one chap before several (8).
 - Black stuff and brown stuff (6).
 - Shaggy papers cover the yearly gathering (8).
 - Illumination for the landing (8).
 - Hot spot facing VIP's associate (6).
 - Bloomer gives creature back trouble (8).
 - Proposal for a nurse... (6).
 - ...who is Billy's friend (5).
 - Made merry (9).
 - Far and away the best advice for short-armed teachers, we hear (2,1,4,5).

Parliament today

Commons (4.30): Sexual Offences Bill, remaining stages. Generic Substitution (National Health Service) Bill, second reading. Lords (11): Copyright (Computer Software) Amendment Bill and Intoxicating Substances (Supply) Bill, second readings.

Anniversaries

Births: Jean Lannes, Duc de Montebello, marshal, France, 1769. James I, Viscount Bryce, diplomat and author of the *American Commonwealth*, Belfast, 1818. Sir Thomas Lipton, grocery merchant and sportsman, Glasgow, 1850. Gustave Stresemann, statesman, Nobel Peace laureate 1926, Berlin, 1878. Karl Barth, theologian, Basel, 1886. Deaths: George Vancouver, navigator of the Pacific coast of North America, Richmond, Surrey, 1798. Paul Revere, folk hero of the American War of Independence and subject of Longfellow's ballad, Boston, Massachusetts, 1818. Sir Henry Stanley, explorer, London, 1904. John Wesley Hyatt, pioneer of the plastics industry, Short Hill, New Jersey, 1902. Joan Crawford, film actress, New York, 1977. The Indian Mutiny began in Meerut, 1857.

£5,000 bonds

	4.5000	10.0000	10.0000
AA	27.0750	20.0000	20.0000
AAA	27.0750	20.0000	20.0000
BBB	27.0750	20.0000	20.0000
BBB+	27.0750	20.0000	20.0000
BBB-	27.0750	20.0000	20.0000
BBB+	27.0750	20.0000	20.0000
BBB-	27.0750	20.0000	20.0000
BBB+	27.0750	20.0000	20.0000
BBB-	27.0750	20.0000	20.0000
BBB+	27.0750	20.0000	20.0000
BBB-	27.0750	20.0000	20.0000

ENIGMA

4. The second digit of the first number is the sum of the last two digits of the first number. The number formed by the first two digits of the second number is divisible by 10.

Telephone your Enigma solution to 01-482 2424, giving the solution first, then your name, address and telephone number and your version of the Enigma puzzle sentence. Final clue tomorrow.

سكوا من الأصل